



Daily Report

Latin America

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FBI-LAT-92-015

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Cuba

GRANMA Editorial Reviews Death Sentence

FL2101191592 Havana Radio Progreso Network
in Spanish 1900 GMT 21 Jan 92

[GRANMA editorial dated 21 January: "We Will Not Permit the Defeated Counterrevolution To Raise its Head"]

[Text] The episode of the terrorists who came ashore near Cardenas, justly and exemplarily sentenced by our courts, does not constitute an isolated incident. It is the symptom of a much broader and dangerous situation which should concern all of us. Only in the light of what has happened in East Europe and the former Soviet Union, the imperialist arrogance exacerbated in the United States, the hard reversal suffered by the revolutionary movement, and the incredible degree of insanity that these circumstances provoke in the enemies of our people, is it possible to understand that the filthy rags of the counterrevolution, defeated and crushed in the sixties, would have thought they could have a second chance.

You have to rub your eyes to believe the pictures that show the military training in Florida or to read the warlike announcements of those who have lived for a long time off the blackmail and extortion in Miami. But it is certain, and we have to draw our conclusions from this reality, as well as from the movements and attempts at joint action, which have already revealed publicly, which the CIA has attempted to impose on the motley fauna of the minuscule counterrevolutionary groups inside this country. Some members of these groups, impatient to curry favor with the Yankees, have abandoned the hypocritical disguise of pacifism and the pretense of defending human rights, and have turned to sabotage and violence.

After having virtually disappeared during a long period of time, since last year we have seen the resumption of attempts to infiltrate our coasts. What happened 29 December 1991 on the northern coast of Matanzas constitutes the third of these acts of aggression. The action carried out by this highly armed group, equipped with explosive and incendiary devices, must be seen precisely within this context. The terrorists invaded the country for war, but not against the Army or security forces. Their primary acknowledged target was the men and women, the elderly, and the children of the country.

Our enemies believe that we will not resist. The President of the United States asserts that his government will not rest until it sees the Cuban revolution crack and collapse. Any one of the sentenced terrorists could have mentioned in his defense some phrase from the frequent anti-Cuban diatribes of the Yankee President. Thus, some miserable fools imagine that the time for revenge, ambition, and plunder has sounded. Others appear tempted to promote with blood, terror, destruction, and death the downfall which they await in vain and which has not happened.

It is clear that our revolution and our people, in the midst of the colossal effort in which we are now involved, under a harsher embargo than ever by Yankee imperialism, abandoned by our allies of yesterday, slandered and afflicted by unprecedented cruelties, have the unrenounceable duty of stopping short any counterrevolutionary attempt to impose their law upon us and make the country return to a era which our people heroically ended over a quarter of a century ago with the lives of many of our children and at the cost of uncountable sacrifices.

The courts that judged the terrorists applied the law and exercised their powers in impeccably. All the procedural guarantees were scrupulously observed. Each judicial body fulfilled its function with absolute autonomy. Our people, deeply wounded by the brazenness of the defendants, shaken by the counterrevolutionary monstrosity which had just taken place in Tarara, demanded the death sentence for the three infiltrators. But our courts are not subject to public opinion, but rather to the law. The sentences imposed correspond to what is written into our laws for the crimes committed. These stateless men have not been punished for what they attempted to do, but for what they did.

The Council of State, as was fully and reasonably shown in its ruling, using its powers, made a profound analysis of these events, in all their complexity, and collectively decided to exercise its power of pardon in favor of one of those who was condemned to the maximum penalty, changing it for the alternate sentence of imprisonment which is appropriate, and declined to exercise it in the case of the most responsible member of the group, for whom the most aggravating circumstances held.

In the circumstances which Cuba faces, no honest person, even those who reject capital punishment because of certain principles, among them those of a religious character, could attribute to us a disproportionate use of this defensive measure, which has an absolutely exceptional nature. We respect, therefore, the appeals in good faith by all those who addressed our government to intercede for the sentenced men and who, at the same time, showed solidarity with our people's sorrow, and spoke words of condemnation for the attacks which we are suffering. It is not surprising that the people and institutions that objected to the use of this extreme recourse from positions consistent with their own principles are, almost without exception, sincere friends of the Cuban revolution.

Nothing deserves more contempt from us than the hypocritical statements by some people who have taken advantage of this opportunity and the nauseating role of the reactionary, transnational press to try to convert Cuba, the attacked party, into the accused party and the victim of the most violent slander campaign. What they are doing in this way is in fact to support crime.

The hypocrisy and cowardice of Latin American politicians and personalities who permit Cuba to be condemned for defending its sovereignty, but do not have the integrity to denounce the impunity that terrorists enjoy in the United States, or to even mention, in the most timid way, the hostility that our country suffers, is truly astonishing. With amazement and repugnance, we are witnesses of the charges of leaders and politicians of countries on this continent where human life is not worth one cent, where paramilitary bands have murdered tens of thousands of people, where the terrorists have free reign, and where the judges do not dare to do justice because they will pay for it with their lives.

The statement made by one Latin American president will pass into the anthology of cynicism. He permitted himself to give lessons to the Cuban Government, through his fig leaf, saying that in his country the death sentence does not exist, while the truth is that thousands of patriots and revolutionaries who have risen against that oligarchical regime have been brutally eliminated over the years. What freedom of expression means to an important part of the traditional press of the continent is revealed when they prostitute themselves to repeat the anti-Cuban campaign, when they give credibility to the most ridiculous or ignorant statements, and when they hush up, in a shameful manner, Cuba's true situation and the crimes that our people suffer.

Thus, we are experiencing a very bitter moment, a time of opportunists, frauds, traitors, and cowards. History will judge, without fail, the attitude of each person. The ignominy will not be eternal, nor will the euphoria of imperialism and reaction last long. Our revolutionary leadership, our government, our party, all worthy Cubans, will respond at this moment, above all, for the most vital and inalienable rights of our people. In the name of our people, we will work with courage to overcome the enormous material difficulties that have come upon us because of factors beyond our control. In the name of our people, we will not abandon, not even in these exceptional circumstances, the will to continue to perfect our system and eliminate deficiencies. In the name of our people, the law will be applied in a direct exercise of self-determination and in defense of their lives, security, gains, and the legitimate social order which they have given and sustain.

Our people do not permit, nor will they ever permit, the counterrevolutionary and terrorist horde based in Miami—which we do not equate with the majority of the Cuban immigrants living there—to ever put one foot in search of revenge on our soil, nor will we ever permit the domestic counterrevolution to mobilize itself to fulfill the anti-Cuban and antipatriotic role that the CIA and the Yankee government have assigned it. The minuscule groups that are now acting within Cuba, and that believe that the moment has come to hit out against the country where they were born by chance, should know that they will not have the slightest opportunity to do so and that

we will fight them without truce with the force of the masses and the law, in politics and in ideology, by all means and on all grounds.

We know too well the moral poverty, the relentless ambition, and the lack of principles that prevail in all these kinds of groups, to make distinctions between them when we judge them for what they really are: supporters of the counterrevolution and vulgar alternatives manipulated by the CIA without any respect at all.

These individuals, which over the years have been docile followers of U.S. instructions and have followed their opportunistic careers over a long period of time, thanks to the revolution's patience and generosity, should know that circumstances have changed. In the same way, those who now claim to take the ridiculous position for a third option and place themselves, to the feverish weak applause of the minuscule groups, between imperialism and the revolution have arrived too late to jump into an already taken place.

They are outstanding know-it-alls, who claim to have an easy prescription for all of our problems when they are actually do-nothings who have thrived in the shade of our people's efforts and our own weaknesses. What you find in their talk is nothing more than the rhetoric of the counterrevolutionary wave that swept away European socialism and which some of them learned in the Soviet universities. They are, then, late-coming copiers of a trend that has been out of fashion for some time: the pseudo-radical demagoguery that supports savage capitalism and authoritarianism. They have arrived too late for everything, because even the political trend that they idealize in East Europe itself is now falling apart or taken to even more reactionary positions in the face of the reality of a unipolar world.

In the life-and-death confrontation in which our people are now involved, there is no place for these pseudo-intellectual fancies. Assuredly, where they will first find the most unmistakable rejection will be from serious, honest, and proven patriotic intellectuals. This is why these individuals will only find welcome and support in the minuscule counterrevolutionary groups, to which they can contribute the theoretical baggage of the capitalist restoration. Preachers of nonviolence, like the ideologues of the East European disaster, in fact turn out to be bearers of the worst and most inhumane violence of all, that of the merciless system of unemployment, hunger, and bourgeois exploitation. This violence would mean in Cuba, furthermore, an unimaginable orgy of blood and terror, because our people will not submit themselves ever again to the yoke, and because we are a poor country that is fighting like Titans for development. We do not have an industrialized economy as several countries of the disappeared European socialist community, in which the social costs of privatization and the neoconservative shock therapy are, even so, terrible.

As the Batista supporters, [word indistinct], Bay of Pigs mercenaries, bandits, conspirators, terrorists, and worms

of all types ended up in the past, so will the members of the miniscule groups end up today, in the same counter-revolutionary sewer, along with the antisocial slime who are capable of committing crimes like that of Tarara, the soft and demoralized people who fear the difficulties and do not see any way other than surrender, and those brainy philosophers of the return to the machete, the dead time, and—as they anticipate in their indulgence of the United States—to the Yankee proconsuls governing in Havana.

The Cuban revolution challenges today, in extremely complex and adverse conditions, the most powerful imperialist and reactionary power in the world. We challenge the Yankee economic embargo, which has no comparison or precedent in contemporary history, and aims to strangle and defeat through hunger all of our people. We challenge, face to face, without even blinking, an empire that harasses us, threatens us, manipulates and instigates the counterrevolution, attempts to isolate us internationally, and uses its vast resources to amass an enormous campaign of lies and disinformation against our nation. To this criminal embargo is added now the one that has arisen from the disaster in the socialist bloc and the USSR due to their demonstrated inability to resist the imperialist ideological offensive and subversion. Never in history has a country assumed a role so worthy and heroic as ours.

Returning to the events that we were discussing, we cannot say that the U.S. Government is directly responsible for the thwarted terrorist attack in Matanzas, thanks to the effectiveness of our vigilance system and the selfless dedication of the combatants who defend, day and night, our borders. What we can say is that the U.S. Administration is aware that events such as this are organized with absolute impunity in their territory, and either tolerates or does nothing to prevent them, or is totally incapable of doing so. Above all, they maintain the perverse and obstinate policy of destroying the Cuban revolution. This policy is what sustains and encourages both the counterrevolutionaries and terrorists in Florida, as well as the miniscule groups inside Cuba, and which pushes the criminals, social misfits, and social garbage of our country to undertake adventures of whatever type and bloody actions such as the murder of the three Interior Ministry soldiers.

The slightest tolerance or flexibility cannot be shown as long as this policy exists. Those who try to land with their arms in hand to attack the people, destroy our property, and promote, in the final analysis, a Yankee military intervention, will have to confront people determined to fight seriously and the strictest application of our laws. We will not permit, in any way, the return of the times of hijackings and terrorism. We will smash, without hesitation, every attempted attack. We will not give the slightest opportunity for the squalid and miserable followers of the internal fifth column to raise their heads. There will be no truce or quarter for those who attempt to undermine, demoralize, or interrupt the struggle of giants that our people are carrying out today to overcome

the difficulties of the special period, survive, and move forward. Our enemies will have to learn this for once and for all.

The leadership that governs the people of Cuba and their revolution is not made of the same wood as the timid, the bureaucrats, the corrupt, or the stupid witch doctors of primitive capitalism who lowered the flags of socialism and threw them at the feet of their historic adversaries. We have truly revolutionary leaders and truly revolutionary people. We speak for the destiny of almost 11 million comrades, for the future of the most noble and just of all causes, and for history, the sacrifices and the dead that have forged the Cuban nation.

We will never desert our duty. We will never forget that a revolution has its laws in the same way that the counterrevolution has its laws. We will never forget that, as Antonio Maceo said, when people begin a revolution, they do not end it until they have finished it. And as Che [Guevara] taught us, in a revolution you triumph or you die, if it is a real revolution. Our revolution is real, and educated by Fidel in the idea that we would rather cease to be than cease to be revolutionaries, we will crown it with triumph.

Editorial Supported

*FL2101232292 Havana Radio Reloj Network
in Spanish 2046 GMT 21 Jan 92*

[Text] Leila Rodriguez, head of the Library Department of the University of Havana, commented to Radio Reloj on the editorial published in today's GRANMA newspaper. She said: In order to stop any imperialist intervention attempt in our country, we must oppose the action together with all the people. Furthermore, she added: We must make the Unified Vigilance and Protection System more effective than ever to avoid any threat of counterrevolution.

National Soccer Commissioner Jose Francisco Reinoso expressed his complete support for the editorial published in the GRANMA newspaper today and condemned the thuggish acts of stateless groups abroad that senselessly assume imperialist triumphalism. The sports director concluded by saying: We want to say to these minuscule groups abroad and within the country that they have no chance in our revolutionary process.

More Support of Editorial

*FL2201153292 Havana Radio Rebelde Network
in Spanish 1255 GMT 22 Jan 92*

[Text] The people of Jobabo, as well as the whole region of Las Tunas, have expressed their support of the GRANMA editorial which reaffirms the solid conviction that they would prefer to stop living rather than betray our principles: Toward victory, always. Numerous local groups are conducting meetings today in support of the editorial and are saying yes to the revolution, socialism, and Fidel.

The Cuban Government annually invests millions of pesos into social programs and the proof is in the fact that in our society not a single person is abandoned. At the end of 1991, the expenditures for social programs had increased to more than 363,000 pesos in payments to single mothers, relatives of prisoners, and elderly people without family assistance. Support payments surpassed 281,000 pesos; 9,865 worker's dining halls surpassed 660 pesos; and funds for elderly activities surpassed 240 pesos [sentence as heard]. Such generosity.

Paramilitary Group Takes Credit for Infiltration

*PA2201181692 Paris AFP in Spanish 1750 GMT
22 Jan 92*

[Text] Miami, 22 Jan (AFP)—A paramilitary group of Cuban exiles on 22 January claimed responsibility for the infiltration of Cuba of several of its members, one of whom was executed on 20 January.

Tony Cuesta, leader of the "Commando L [Liberty] Units," said during a news conference in Miami that several other members were successfully infiltrated and started their clandestine work to topple President Fidel Castro's regime.

Further on Paramilitary Group

*PA2201185292 Mexico City NOTIMEX in Spanish
1756 GMT 22 Jan 92*

[Text] Miami, 22 Jan (NOTIMEX)—The Cuban "Commando L [Liberty] Units," a paramilitary group in exile, on 22 January claimed responsibility for a clandestine incursion into Cuba and asserted that it had made other infiltrations hours before the one headed by Eduardo Diaz Betancourt.

Group leader Cuban Tony Cuesta said during a news conference that they had remained silent about the operations to "protect" other militants who are operating on the island and live in "refuges" and "safehouses."

Cuesta said "other groups landed on the island hours earlier and any comment on our part could have alerted the enemy." He added that 33 landings of this sort were made in the past few years. In his opinion the "'19 April' L [Liberty] Commando Units and other groups have infiltrated units that have helped, at the request of others who are working in Cuba, to create an atmosphere of destruction."

Along with men wearing berets and military uniforms, Cuesta denied that Diaz Betancourt, who was executed on 20 January in Havana, was probably a Cuban agent, as several exiles have claimed.

Diaz Betancourt, Daniel Santovenia, and Pedro Alvarez were arrested by Cuban authorities after landing on the island on 29 December; they were charged with carrying out acts of terrorism. Santovenia and Alvarez both received 30-year jail sentences.

Cuesta claimed to have participated in an operation that included attacks against Cuban President Fidel Castro. He said incursions of this type will continue on the island.

Asked about U.S. laws which regard armed operations against peaceful countries as illegal, Cuesta responded that some militants train in other countries, although he declined to give any details.

On 21 January two Cuban exile groups blamed the U.S. Government and paramilitary groups for the disembarking and sentencing of the three invaders.

The Antonio Maceo Brigade and Workers Alliance of the Cuban Community accused Washington of allowing the armed training of groups of exiles in its territory.

Groups such as "Alpha 66" conduct weekly military exercises in the Everglades in southern Miami where they conduct sham operations of the invasion of Cuba while dressed in camouflage clothing and wielding knives and other weapons.

Havana Radio Reports

*FL2301024692 Havana Tele Rebelde and Cuba Vision
Networks in Spanish 0100 GMT 23 Jan 92*

[Text] The Miami-based Commando L [Liberty] terrorist group has claimed responsibility today for the attempted infiltration by three counterrevolutionaries near Cardenas on 29 December. Tony Cuesta, the head of the Commando L, acknowledged at a news conference in Miami that they had kept silent about the operations in order not to reveal actions by other individuals residing in Cuba. The well-known terrorist boasted when he asserted that, along with the 19 April organization and other anti-Cuban groups, they have increased their infiltration operations to try to create a climate of instability in Cuba.

The Mexican news agency NOTIMEX describes how Tony Cuesta appeared at the news conference with men wearing berets and military uniforms. Cuesta denied that Eduardo Diaz Betancourt, who was executed on 20 January for charges of terrorism and other crimes against state security, was a possible Cuban agent, as has been asserted by counterrevolutionary circles in the United States. Alpha-66, Commando L, 19 April, and other anti-Cuban organizations carry out weekly military exercises in the Everglades, south of Miami, where they act out simulated invasions of Cuba, as we can see in these pictures broadcast by the Mexican [as heard] television network, Univision.

Application of Death Penalty in U.S. Noted

*FL2201192092 Havana Radio Reloj Network
in Spanish 1306 GMT 22 Jan 92*

[Text] Joe Angel Cordoba, a 39-year-old inmate condemned to death for murder, was executed today by lethal injection in Texas according to an announcement made by local authorities. This is the 43d execution in

Texas since 1982 when the death penalty was reinstated. Joe Angel Cordoba was sentenced to death for kidnapping and shooting in the head a Dallas man in 1951.

The death of 43-year-old Mark Hopkinson, whose latest postponement appeal was rejected by the U.S. Supreme Court, is also scheduled for today in Wyoming. Mark Hopkinson was sentenced to death for the murder of a lawyer, his wife, and son and the murder of a witness who was scheduled to testify against him.

Commentary on International Criticism of Execution

PA2201221492 Havana Radio Havana Cuba in Spanish
1330 GMT 22 Jan 92

[Roberto Morejon commentary]

[Text] The death sentence handed down by Cuban courts against the terrorists who were planning to massacre part of the population, and which was carried out in only one of the three cases, provoked different reactions from abroad, including from those who oppose the revolution. These people incorporated fake humanist positions when joining the anti-Cuban hysteria. The criticism accuses Cuba of excessive severity in its judgment of the three individuals who, following their arrival from the United States, intended to detonate explosive devices in public places and at economic objectives.

Those who accuse Cuba of taking extreme positions forget, or deliberately ignore, many things. This includes increasing hostility from the United States, which did not stop the terrorists from leaving their territory, and the dangers lurking over Cuba's future due to recent events adversely affecting international revolutionary movements.

Beset by their enemies, abandoned to their fate by old allies, and faced with the reappearance of an internal counterrevolution, Cubans turn to their extensive arsenal to defend themselves against those whose mission it is to cut short the lives of men, women, children, and the elderly.

When those abroad censure Cuba for applying the strength of its laws, while forgetting to condemn the aggressiveness of the U.S. authorities and their instruments, we are then in the presence of a force collaborating with those hostile forces. We must not forget that covering up a crime is morally the same as committing it.

Foreign politicians and leaders, particularly from Latin America, fell in the trap set by those interested in slandering Cuba and in discrediting the brilliant humanistic work of the revolution. They are the same ones who echo the outside campaigns seeking to present Cuba as a country without democracy and where human rights are violated. For many politicians, insulting the Cuban model is a fad they cannot allow to pass, even as international observers reproach them for their indifferent or poor response to the acts of elemental social and human injustice that are committed in a large number of countries on the subcontinent.

Cuba reiterates its willingness to discuss any problem on a Latin American integration forum—even the improvement of its political system—as long as all the participants at such a forum share the same willingness.

Haiti

Negotiation Postponement, Investigation Requested

FL2201211092 Port-au-Prince Radio Metropole
in French 1600 GMT 22 Jan 92

[Text] Senator Dupiton, member of the parliamentary commission for negotiations in the Haitian crisis, recently presented a proposal to the upper chamber requesting a two-month postponement of the OAS-sponsored inter-Haitian negotiations.

Senator Dupiton defends his proposal by arguing the need for further clarification, to consult with the nation, and to establish a very large consensus. The newspaper LE NOUVELLISTE says such a proposal must be submitted to the parliamentarians for discussion during a coming session, along with another proposal presented by Senator Guy Bauduy requesting the opening of an investigation regarding the 29 and 30 September 1991 events.

OAS Forms Special Committee To Monitor Embargo

FL2301123292 Bonaire Trans World Radio
in English 1130 GMT 23 Jan 92

[Text] The Organization of American States Permanent Council has established a special committee to monitor the economic embargo against Haiti. Formation of the committee, requested by Bolivia, came in response to reported violations of the four-month-old embargo. Two weeks ago, 100,000 barrels of Colombian oil somehow made its way into Port-au-Prince.

Foreign Minister on Diplomatic Relations, Embargo

FL2201235492 Port-au-Prince Radio Soleil Network
in Creole 1200 GMT 22 Jan 92

[Excerpts] According to a statement made by Haitian Foreign Minister Jean-Robert Simonise to one of our colleagues, no foreign diplomat can work in the country without relations with the Ministry of Foreign Affairs. Mr. Simonise also announced that his ministry is working on a project for the establishment of a market that will benefit both Haiti and the Dominican Republic. More details with Jean-Marie [last name indistinct].

[Begin recording] [Jean-Marie] The question of diplomatic recognition of the Republic of Haiti by other countries has today become a major debate. Following the 30 September coup, many foreign countries refused to recognize Haiti's 8 October government. Since then, there has been a great deal of confusion in the country over this question because many people cannot understand how a government can allow its ambassador to remain in a country it does not recognize. Yet, according

to Haitian Foreign Minister Jean-Robert Simonise, no one can work in an embassy without having relations with the Ministry of Foreign Affairs of that country because no diplomat can even get license plates if he does not write to the Haitian Ministry of Foreign Affairs.

[Simonise] Governments are not recognized the same way they were in the past. This means that once a government has representatives in your country, if it fails to formally state that it does not recognize you, then recognition is assumed. Besides, how can a government have representatives in a country that is well-established, that controls everything, that controls justice, that controls airports, a government to which the representatives of foreign governments must contact when they need to buy gas duty free.... [changes thought] Nevertheless, they say they do not recognize it. Well, this reflects the magnitude of the debate. We can say that nowadays governments are not recognized in the same way they were in the past.

There are de facto recognitions, there are de jure recognitions, and there are various ways in which a document can be brandished as evidence of recognition. I do not believe that this is our role. Our role here is first and foremost to try to educate the entire international community as to exactly what happened in Haiti, what has occurred since the OAS began to come here, how they have led the negotiations. It is to enlighten them, compare information with them, and make them understand that they made a mistake and that their preceptions are not accurate.

There is an ambassador who arrived. He is accredited to the president. This means his direct contacts.... [changes thought] He is a link between the pope, who is the head of state in the Vatican, and the president of the country. Does one send a representative to someone it does not acknowledge? Indeed, once one has an embassy.... [changes thought] One cannot work in an embassy here without contact with the ministry. No diplomat can acquire license plates here in Port-au-Prince without writing in due form to the administrator.

[Jean-Marie] On the question of the embargo that the OAS has ordered against Haiti, Minister Simonise explained that it represents a great lesson for the Haitian Government, a lesson that will enable us to find a way to move the country forward. The minister acknowledged the Dominican Republic's support of the Haitian people in their time of crisis. The Dominican Republic is a member country of the OAS and is therefore expected to respect OAS decisions, but that does not prevent it from having its own position on the question of embargo. This is their reasons for establishing a large project consisting of establishing a market that will benefit both countries.

[Simonise] [passage omitted] What we have noted is that the country that has really shown its solidarity in a firm and resolute manner everyday since the beginning of the crisis is the Dominican Republic. [passage omitted] The Dominican Republic is a member country of the OAS.

So, as do all other member countries, it respects the OAS requirements, [corrects himself] all that it wants to respect because, you know, the embargo is a sovereign deed by a sovereign country. This means the organization may ask you not to trade with a given country, but you have the right to decide to trade. You have the right to decide not to sell such and such, and to sell this and that, as the United States does. It defines its embargo by saying that it will not sell you this and that, but that it will do this and that, that it can sell you this and that. That is what the embargo is. [passage omitted]

[Jean-Marie] Concerning the damages to the country caused by the embargo, nobody can bring the OAS before the courts for compensation because the OAS is not subject to court action. The Hague International Court will receive the complaint. Minister Simonise stated, however, that the government intends to consult with a number of large companies who specialize in this field to see which countries have broken the commercial agreements Haiti signed with them, and that following this research, the government will better know what to do. [end recording]

Pro-Aristide Deputies Report Death Threats

PA2301001892 *Haiti*urg DPA in Spanish 2246 GMT
22 Jan 92

[Text] Port-au-Prince, 22 Jan (DPA)—A group of 20 Haitian deputies, all of whom support the return of deposed President Jean-Bertrand Aristide, on 22 January reported an alleged plot by the police to murder them.

The death threat report was disclosed in a communique delivered to the press and was immediately denied by Port-au-Prince police.

U.S. Ambassador to Haiti Alvin Adams met behind closed doors with members of the Haitian parliament to discuss preparations for a new meeting of legislators with Aristide under OAS mediation.

The last meeting, called by the OAS 18-19 January in Washington, failed because the Haitian parliamentary delegation failed to show up.

The OAS and Aristide are attempting to convince the legislators to agree to appoint communist Rene Theodore as the new prime minister of a transition government that would restore constitutional order and prepare for the return of the president, deposed in a military coup on 30 September 1991.

Senator Thomas Eddy Dupiton on 22 January demanded the suspension of the negotiations with the OAS for at least two months, so that new conditions can be created to solve the crisis, based on a "very broad consensus" within the parliament.

Senator Durnide Delpeu asked the Army, headed by General Raoul Cedras, to stay out of the negotiating

process and to agree on a final result that will allow the country to overcome the crisis it has faced since the military coup.

Dupiton and Delpu are members of the National Front for Change and Democracy (FNCD), a coalition that supported Aristide during the presidential election in December 1990.

Government Investigates Nunciature Attack

FL2201192792 Port-au-Prince Radio Metropole in French 1600 GMT 22 Jan 92

[Text] The provisional government has announced that an investigation began on the January 1991 events in which the nunciature was ransacked and its residents attacked and injured. The provisional government commits itself to repairing the damages at the nunciature in order to satisfy the requirements of the Geneva Convention.

Let us recall that Pope John Paul II appointed a new apostolic nuncio in Haiti, Monsignor Lorenzo Baldisseri. Msgr. Baldisseri cannot immediately present his credentials as he has been elevated to the position of archbishop. Msgr. Baldisseri is now in Rome, awaiting his episcopal blessing.

Jamaica

Broad-Based Constitutional Commission Established

FL2301002092 Bridgetown CANA in English 2017 GMT 22 Jan 92

[Text] Kingston, Jamaica, Jan 22, CANA—The Jamaican Parliament has approved the establishment of a broad-based constitutional commission to propose reforms to the country's Constitution three decades after its launch with independence in 1962. The 38-member commission will be headed by the political ombudsman and former Supreme Court judge, James Kerr. It will also comprise 16 members representing political parties; and two members each from the Jamaica Bar Association, the Press Association of Jamaica, the University of the West Indies women's groups; teachers, farmers, and youth organisations; private-sector interests; as well as three representatives each from trade unions and church groups.

Kerr, an urbane jurist, earned great respect in the role of political ombudsman, a post created prior to the 1989 general elections here as a confidence-building measure to restrain political violence. His job was to be as a referee between the political parties and to arbitrate on complaints about a breach of an agreed code of conduct.

Tuesday's parliamentary approval of the commission was on the recommendation of a joint select parliamentary committee that met last year. It broadly resembles the constituent assembly which had been proposed by opposition leader Edward Seaga, though without the depth of power a constituent assembly would have.

According to Attorney General Carl Rattray, the select committee felt that the commission could be "an effective way of proceeding to commit the widest possible public participation in the exercise." The commission, which is to complete its work and report to the select committee by yearend, will receive and examine proposals from the public relevant to constitutional and electoral changes. It will also initiate public discussion on the subject at any venue it deems appropriate and prepare and disseminate relevant information. The commission will have the support of the joint select committee, which had failed to stimulate the hoped-for public participation during its hearings.

Jamaica has been battling the issue of constitutional reform for more than a dozen years, but this focus on the topic comes at a time when academics are arguing that Jamaicans are becoming increasingly cynical and apathetic about the political system. The topic is a subject of regular discussion on radio talk shows, newspaper columns, and television panel discussions.

Both major political parties here, the governing People's National Party (PNP) and Seaga's Jamaica Labour Party (JLP), have agreed with the need for reform without reaching consensus on precisely what is to be done. One area of agreement seems to be on the need to psychologically underpin the country's independence by removing the British monarch as the country's symbolic head of state, and establishing a republic. The question is whether or not there should be an executive presidency.

JLP Chairman Bruce Golding, pointing to the paradox between the "raging public debate about constitutional issues" and the disappointing number of presentations before the select committee, hoped that Jamaicans would participate in the new exercise. Golding expected the process will be more complex than the usual focus on limiting the power of politicians and government. A fundamental issue, he argued, will be how to make the Constitution respond to the demands and needs of the people. Within this context the citizen will have to be aware of his own responsibilities and be placed under scrutiny.

Trinidad and Tobago

Opposition Leader Criticizes Government Budget

FL2301003592 Bridgetown CANA in English 2255 GMT 22 Jan 92

[Text] Port-of-Spain, Trinidad, Jan 22, CANA—Trinidad and Tobago's opposition leader Basdeo Panday on Wednesday criticised government's budget, stating that it lacked ideas to create real employment and attract foreign and local investments. Leading off debate on the budget, he said the 90 million dollars allocated to the unemployment relief programmes was not a solution to the country's jobless problem since it created temporary employment.

"The minister (of Finance, Wendell Mottley) leaves the poor and the unemployed with little hope," Panday added.

Panday told Parliament that the only answer included, "the creation of permanent, well paid jobs in productive, profitable, and self-sustaining economic enterprise, whether organised by the state or private enterprise...."

Panday charged that the government had gone back on its election campaign promises regarding jobs and foreign investments. He said Mottley's assumption that market forces would provide sufficient incentives to deal with local and foreign investors was wrong. Panday said Mottley's "intentions to remove the bottlenecks...to investments by an amendment to the outdated Companies Act is less than adequate.

"He will have to also tackle revision of the Banking Act, the Foreign Investment Act, the Securities Industry Act, the Exchange Control Act...."

The budget presented by new Finance Minister Mottley last Friday saw pay increases for public servants, a better deal for pensioners, increases in taxes, and some tax relief. Panday said the measures contained in the budget fell hardest on the "small man," whom he said would have to pay more tax, face a higher gas bill or travelling fares, and pay more for clothes and food. The unemployed, said Panday, would not find jobs because of the

increase in corporation tax; neither would there be additional local and foreign investment, he added.

"If this budget was intended, as the government claims, to provide relief for the poor, the lower and middle income groups, I fear it will not achieve that objective," he said. He continued, "what the new PNM government has given with one finger, it has taken away with hands...."

Panday also criticised the government for what he called the limited allocation on development programmes in some ministries and in some cases, none. He said 29 percent of government expenditure was allocated to personnel, 26 percent for debt servicing, 14 percent development programmes, 10 percent for current transfers and subsidies, and 6 percent for minor equipment purchases, goods and services.

"In short, there is going to be little development in 1992," he asserted. Panday also took the finance minister to task for not dealing with the issue of floating the dollar when he presented the budget. He said the issue has triggered speculation about a devaluation of the dollar, a huge flight of capital, a sharp reduction in foreign exchange reserves, and a loss of confidence in the country's ability to manage the exchange rate.

Honduran President Discusses Visit on Arrival

PA2101230492 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 21 Jan 92

[News conference by Honduran President Rafael Leonardo Callejas with unidentified reporters "upon his arrival in Mexico City" on 20 January—recorded; broadcast in progress]

[Text] [Callejas] ...since the meeting we held in Tuxtla Gutierrez we have sought mechanisms to bring about a multilateral negotiation with Mexico. We think the path we have taken has been effective and we hope that by 1996 we will have a multilateral treaty between Central America and Mexico.

[First reporter] Will your visit deal specifically with economic matters or will you touch other aspects?

[Callejas] The most important and basic objective of my visit is to acknowledge and thank Mexico for its great political, economic, and social cooperation with countries such as Honduras. My country has received Mexico's support for a long time and our relations are extraordinarily positive. A little over a year ago, President Salinas de Gortari was our guest in San Pedro Sula. With my presence here, I want to show our links and to reiterate the Honduran people's deep friendship with the Mexican people.

[Second reporter] What do you think about the forgiving of the debt that [words indistinct]?

[Callejas] I have no information on that.

[Third reporter] [Words indistinct] Latin America's economic future?

[Callejas] We are following the path begun under Mexican leadership with regard to a market economy, regional blocs, and the least participation of the government in [words indistinct]. I have much faith that our nations are going to become revitalized and that this decade will be one of hope for the American Continent.

[Fourth reporter] In the economic area, what important progress should Honduras expect?

[Callejas] As far as our relations with Mexico are concerned, they should expect a lot of progress because the multilateral treaty that we hope will be in effect in 1996 and the bilateral treaties that will provide access to Mexico's southern region are an important breakthrough. economic liberalization and tariff reductions will greatly benefit the Honduran people.

Signs Communique With Salinas

PA2201042892 Mexico City XHTV Television Network in Spanish 0200 GMT 22 Jan 92

[Text] The Presidency of the Republic has released the Mexico-Honduras joint communique issued on the occasion of Honduran President Rafael Leonardo Callejas' official visit to our country.

The presidents of Mexico and Honduras endorsed the consolidation of democratic processes in the region, and they advocate the implementation in 1992 of an economic cooperation agreement between the two countries.

In addition, they agreed to increase their cooperation in the struggle against drug trafficking; to renegotiate the Honduran debt with Mexico; and to approve various binational agreements.

Petroleum Exports, Revenues Down in 1991

PA2101235092 Mexico City NOTIMEX in Spanish 1107 GMT 21 Jan 92

[Text] Mexico City, 21 Jan (NOTIMEX)—Mexico's petroleum export revenues in 1991 reached \$7.359 billion, \$1.079 billion less than the federal government had planned.

Monthly statistics on crude exports indicate that the instability of the international petroleum market affected the price of Mexico's hydrocarbons and, in turn, its revenues.

Preliminary data on the 1991 prices of Istmo, Maya, and Olmeca brands of petroleum show that they averaged \$15.55 per barrel, \$1.35 under the expected average price of \$17.

In establishing the average price per barrel at \$17, financial authorities had expected to collect \$8.438 billion in crude exports for 1991.

The downward trend of petroleum prices on the international market throughout 1991 allowed Mexico to collect only \$7.359 billion from the sale of 1.368 million barrels per day (BPD).

Pemex [Mexican Petroleum] exported to America, Europe, and the Far East an average of 328,700 BPD of Istmo oil for about \$2.168 billion at a price of \$18.01 per barrel.

It exported an average of 877,300 BPD of Maya oil at an average price of \$12.50 per barrel for \$4 billion.

Pemex exported 162,800 BPD of Olmeca oil, which is marketed only on the American Continent, at a price of \$20.16 per barrel for \$1.197 billion.

Pemex Director General Francisco Rojas recently pointed out that, although Mexico failed to collect more than \$1 billion in petroleum exports, "this drop in revenues did not affect public finances."

An insurance policy that financial authorities purchased to shield the country from a decrease in petroleum prices below the \$17 per barrel mark "compensated for the drop in revenues," Rojas said.

Belize

Parliament Approves 'Controversial' Maritime Bill

*FL2001141992 Bridgetown CANA in English
1303 GMT 20 Jan 92*

[Text] Belmopan, Belize, Jan 19, CANA—The Belize parliament has passed the controversial Maritime Areas Bill, a key piece of legislation designed to bring about a final solution of the country's longstanding border dispute with neighbouring Guatemala.

After a marathon 12-and-a-half hour special session of the House of Representatives on Friday, the 28 lawmakers split along party lines and voted 16-12 to approve the bill.

About 1 000 persons turned up at the National Assembly for what was billed as a "historic" debate. Both public galleries were filled and persons unable to get inside followed the debate on a public address system outside the parliament building.

The bill limits Belize's territorial waters to three miles in the south near the border with Guatemala whilst extending them to 12 miles for the rest of the coastline as allowed under international law.

It was tabled last August just days after Guatemalan President Jorge Serrano recognised the right of the Belizean people to self-determination.

The government says retention of the three-mile limit, which was originally part of British Law, is necessary as an act of good faith so that Guatemalan ships can continue to use a navigation channel in the Gulf of Honduras which is bordered by Belize, Guatemala and Honduras.

A month after the bill was introduced, full diplomatic relations were established between Belize and Guatemala and the two governments said they would move to settle their dispute, if necessary, under international arbitration.

Serrano, Guatemala's second democratically elected leader after a 30-year military dictatorship, made his moves following a series of talks at which Belize was represented by a bi-partisan commission made up of representatives from both political parties.

In an effort to explain the Maritime Areas Bill and to establish a national consensus on the issue, the bi-partisan commission toured the country throughout October holding public consultations.

Friday's debate centred around three positions; that of the ruling People's United Party which says the bill gives no territory away and paves the way for peace; the opposition United Democratic Party which wants the act to be kept on ice until a referendum on a final treaty; and the breakaway Patriotic Alliance for Territorial Integrity which claims the government is selling out the rights of Belizeans to appease Guatemala.

Proposing the second reading, Foreign Affairs Minister Said Musa said the bill was promised in the talks. It had widespread support, he said, and was an initiative "to give peace a chance."

He said failure to pass the bill would cause Belize to lose international support it had gained over the last 15 years. He also said Belize could not forever rely on the safeguard of the 1,500-strong British defence garrison, stationed here since independence in 1981 to ward off the threat of a Guatemalan invasion.

"While it is not likely that we face an imminent withdrawal of British troops, it would be imprudent for us to live in the false hope that the British will stay for ever," said Musa.

"We must never be driven into a situation where we may be perceived as provocative or appear to be inflexible in negotiating."

He likened the legislation to that of a woman allowing access to her neighbour's house by allowing her to walk through a strip of yard to get to the street. The sea between three miles and the median line at about nine miles would be claimed as an exclusive economic zone, he said.

Musa said President Serrano was sincere in extending the hands of friendship to the Belizean people, and in return for accepting the current definition of Belize's current mainland and Cayes, Guatemala was asking for the southern three mile limit.

He said amendments to the bill, made after the public consultations, would guarantee a referendum on a final treaty and if the people voted no, then the limitation of seas would have to be taken before international courts.

Musa said there was a clear understanding that the bill would be passed in return for the Guatemalan recognition.

"It was with this clear understanding that Guatemala recognised the independent state of Belize and Belizean sovereignty over Belize. Must we now go back on that understanding? Must we now appear to the world community as a people who cannot be trusted?"

Attacking the Patriotic Alliance, Musa said they wanted to wreck everything. "I say no to that kind of false patriotism, I say no to that kind of negative colonial mentality that was against adult suffrage, that was against self government, that was against independence, and that is now against making peace with all our neighbours. I say no to that," said Musa.

He said the UDP opposition decision not to support the bill was regrettable and described their plan to put the legislation on ice until a referendum as "inappropriate".

Certain politicians, he said, were trying to create mischief and deception, and confuse the people. "Let us heed the voice of the late President Kennedy. Let us not negotiate out of fear, but let us not fear to negotiate," he said.

Patriotic Alliance leader Phillip Goldson, who resigned from the UDP last Sunday, was vehemently opposed to the bill.

He accused the government of appeasement and said they were selling out the rights of the people.

His main argument was that Belize had a right, under the Law of the Sea Convention, to claim territorial sea up to the median line between the two countries and that no government could give up that right.

Goldson said the bill was a ploy to allow Guatemala to claim the disputed sea as its own territory.

"I would like to tell that little lady, that in this case it is not a matter of allowing anybody to pass through your front yard. What is involved here is giving your front yard to the Guatemalans. The intention is not to give the Guatemalans any access to any high seas. That was put in as a facade to delude the Belizean people. What is intended is to turn over Belizean territorial sea to the Guatemalans as their territorial sea."

The United Democratic Party position of not bringing the maritime areas act into force until after a referendum on a final treaty was put by the party leader, former Prime Minister Manuel Esquivel.

An attempt by him to have the second reading delayed by six months was defeated just before the final vote.

Esquivel denied claims by Musa that the UDP had made a turnaround and said he held his position ever since the early stages of the public consultations.

Esquivel said the right to volunteer foregoing something that belongs to the people should be decided by the people.

"I feel that the bill as amended goes a long way toward making a final solution with Guatemala possible but the position of our side is that nevertheless the people should be consulted and the people must be the ones who make the decision," he said.

"Does the bill in fact forego the exercise of a right to which we are entitled? In our view, the answer is yes. The second question: Are those rights vested in the legislature or the people? If they are vested in the people, only the people can give them up," said Esquivel.

Costa Rica

Government Says Situation in Cuba 'Worrisome'

PA2301041292 Mexico City NOTIMEX in Spanish
0113 GMT 23 Jan 92

[Text] San Jose, 22 Jan (NOTIMEX)—The Foreign Ministry announced on 22 January that the Costa Rican Government had called "the international community's attention to the worrisome human rights, civil, and political situation in Cuba."

"Based on recent events in the Republic of Cuba, the Government of Costa Rica states its strongest condemnation of the execution of Eduardo Diaz Betancourt," the Foreign Ministry's official communique stated.

According to the document, "Costa Rica believes respect for the principle of nonintervention and for the self-determination of nations is a basic pillar of international law and of the peaceful coexistence among states."

"Nevertheless, it reaffirms that respect for human rights transcends the sphere of internal jurisdiction and is an obligation of the international community, that has legal and political repercussions on all states."

Costa Rica called "all specialized organizations, the Inter-American Human Rights Commission, and the UN Human Rights Commission, to give priority attention to the Cuban case," and said it has given instructions to the Costa Rican diplomatic missions in Washington and Geneva to this effect.

The communique concludes: "Costa Rica reaffirms its interest that the Cuban crisis be solved in a peaceful and constructive manner and that a negotiated solution, in which all Cubans participate, be reached. To this end, it states its decision to contribute (to the dialogue) to the extent possible and according to the interests of all parties in the conflict."

President Testifies Before Drug Commission

PA2101200492 San Jose Radio Reloj in Spanish
0100 GMT 21 Jan 92

[Text] President Rafael Angel Calderon Fournier has reportedly testified for two hours and 40 minutes before the members of the Legislative Commission investigating drug trafficking.

For one hour and 30 minutes, Deputy Sigfredo Aiza Campos asked the president tough questions, and legislators Rodrigo Gutierrez Saenz and Federico Vargas Peralta used up the remaining time asking their questions. The questioning was undoubtedly of a political nature and its purpose was to get the president to issue a statement that would dismiss any responsibility on the part of former President Oscar Arias Sanchez.

Upon making statements before the Drug Trafficking Investigative Commission, President Rafael Angel Calderon Fournier said he was very clear about how he had handled the finances of his three political campaigns. The president added that the resources for his campaigns were obtained from the advanced political debt (deuda politica adelantada); the sale of bonuses; contributions from wealthy people; contributions of supporters from the cantons; and other activities organized by the party cadres, such as bingos, dinners, dances, and raffles.

He denied having information on contributions made by people linked to drug trafficking activities. However, he admitted that he received 500,000 colons from Fernando Duran Allanegui, then-rector of the University

of Costa Rica, on behalf of one of his brothers who was later involved in a drug trafficking case.

Meanwhile, according to the report, the questioning of the president by the legislators who form the Drug Trafficking Investigative Commission focused on trying to obtain evidence that the Social Christian Unity Party [PUSC] had received contributions from people involved in drug trafficking activities.

A financier named Rubin, who lives in Panama and whose bank purchased bonuses of the PUSC in a financial operation that has not been linked to drug trafficking, as well as Jose Blandon and General Manuel Antonio Noriega, were an important part of the questioning. Manuel Elizalde, the Philippine citizen who was expelled from the country at the beginning of the Arias Sanchez administration, and Lazaro Abel, who was expelled by the current administration last year, were also mentioned in the questioning.

During the hearing, which took place in the Government Council Room, Calderon Fournier voiced his willingness to answer whatever questions the deputies have. Saying there is nothing to hide, the president admitted he signed the promissory notes to finance his political campaigns and the documents of a financial operation with Rubin's bank. He explained that as far as he knows Rubin has not been linked to drug trafficking but to fraud.

The president reiterated what he has said before on the issue and added that he is ready to answer whatever questions the deputies may have.

El Salvador

Kidnapped ARENA Leader Sol Bang Released

PA2301035592 San Salvador Canal Doce Television
in Spanish 0300 GMT 23 Jan 92

[Report by Alfredo Villareal]

[Text] Guillermo Sol Bang, a businessman and top ARENA [Nationalist Republican Alliance] leader, held by abductors since August [as heard] 1991, was released on the night of 21 January. No details were given on Sol Bang's release, but he was at home with his family on the night of 21 January. His relatives have reported that Sol Bang is in stable physical condition and is neither sick nor depressed. A doctor, identified only as Dr. Lemus [words indistinct] The Sol Bang family was under heavy guard when they received friends who came to express their happiness with Guillermo Sol Bang's release. The treasurer and founder of the governing ARENA party was abducted by men armed with G-3 and M-16 rifles from the Flor Blanca community on 18 July 1991. Until now, neither government authorities nor ARENA party representatives have reported the name of the organization that held the rightist politician captive. This event indicates that people continue to be kidnapped in the country.

FMLN Claims Army Violates Cease-Fire

PA2301005992 Panama City ACAN in Spanish
0023 GMT 23 Jan 92

[Text] San Salvador, 22 Jan (ACAN-EFE)—Salvadoran guerrillas charged on Wednesday that Salvadoran Army troops entered territories "under its control," thus violating the informal cease-fire implemented on 16 January when the peace agreements between the government and rebels were signed.

"Commander Erick" [Baltimore Arevalo] of the Farabundo Marti National Liberation Front (FMLN) said during a news conference that Army troops entered the town of San Francisco Javier in eastern Usulután Department. According to the peace agreements, this area will be one of the 15 sites where the rebel forces will begin to concentrate on 1 February. "The Army, as is its custom, has invaded the place we were to occupy during the informal cease-fire," Commander Erick said. He added that there was no fighting in that area.

The rebels will be established in these areas to begin the process of dismantling the military apparatus. This will be done between 1 February and 31 October 1992.

"At this time, it is very important for both parties to respect these decisions as a gesture of goodwill for our people," Erick added.

More than 1,000 UN Observers for El Salvador (Onusal) of various nationalities will be responsible for verifying that the agreements signed in Mexico by Alfredo Cristiani's government and the FMLN General Command are respected.

Meanwhile, the Armed Forces Press Committee has reported no clashes in the past 24 hours.

FMLN Continues To Blackmail Coffee Growers

PA2201163092 San Salvador EL DIARIO DE HOY
in Spanish 21 Jan 92 p 2

[Text] The country's top coffee producers' union has announced that, despite the ratification of the peace agreements, Farabundo Marti National Liberation Front [FMLN] groups have continued to blackmail coffee producers, demanding money and war materiel from them.

The Association of Salvadoran Coffee Producers asserts that producers in Usulután are still receiving threats signed by a terrorist who calls himself "Commander Manuel."

According to the producers, this criminal is demanding of a coffee producer in El Taburete canton, jurisdiction of Santiago de Maria, the payment of 25,000 colones; five pairs of industrial boots sizes six, seven, and eight; four boxes of large batteries; 10 pairs of black socks; and five rolls of black tape. These items were to have been delivered on 17 January at 1430 to the gates of the Los Pirineos farm in Cerro Verde, within the jurisdiction of

Santiago de Maria. If the proprietor of the farm fails to deliver the items, "Commander Manuel" has threatened to destroy his property.

President Alfredo Cristiani has warned that his government and the authorities will pursue the violent renegade groups regardless of their ideologies.

The coffee producers are worried that these may be fighting groups that the FMLN leadership does not wish to relinquish.

The sources said that even though several subversive FMLN chiefs assert that "they will not demobilize," the soldiers of the UN Observers for El Salvador (Onusal) are obliged to ensure that they demobilize in accordance with the Security Council's mandate.

END Denies Responsibility for Kidnappings

PA2201225692 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 22 Jan 92

[Text] As we have heard in the media, the Armed Forces Press Committee [Coprofa] has been accusing the Farabundo Marti National Liberation Front [FMLN] of kidnapping people in San Vicente Department. We would like to call this matter to the attention of the local and foreign press, as well as to all our people and the international community. We have just received a news bulletin from the northern section of San Vicente:

The National Army for Democracy's [END] 4th Military Region on the northern sector of San Vicente would like to state to all Salvadorans and to the national and international media that Coprofa's claims that END forces have been kidnapping minors in Santa Rosa District, Santa Clara Municipality, San Vicente Department are completely false.

We would like to clarify that what is happening in San Vicente is the result of personal disputes between two families. One of these families left Santa Rosa and went to the 5th Infantry Brigade to blame the END for the kidnapping.

However, UN Observers for El Salvador and the government's Human Rights Commission went to Santa Rosa on 20 January and were able to verify that the claims are completely false.

We would thus like to clarify the false information that Coprofa has issued. [Signed] END 4th Military Region [Dated] 21 Jan 92

FMLN Commander Comments on General Amnesty

PA2301011592 San Salvador Radio Cadena Horizonte in Spanish 1815 GMT 21 Jan 92

[Report by Mauricio Burgos]

[Text] Arturo Pena, commander of the Farabundo Marti National Liberation Front [FMLN] and member of its Feliciano Ama Western Front's Political Committee,

said during a news conference on 21 January that an amnesty without justice and a search for the truth would be a mockery of the people and the wrong way to start this phase. This is because the process would lose credibility. He added that a general amnesty would benefit those who are responsible for many war crimes. He called for a judicial process first, followed by pardons.

[Begin Pena recording] They seek to conceal information from the FMLN and allow a group of murderers to escape. We believe there must first be justice and a search for the truth; there could be pardons later, as the country changes. We disagree with using a general amnesty to free and protect many people who should face justice. All those people must be tried. Justice must be administered in the terms agreed upon.

It is not advisable to give the green light to a number of Army officers who committed crimes; they must be tried for this. This position is not exclusively maintained by the FMLN. This position is held by democratic sectors throughout the nation. Perhaps only cavemen do not share the new course being taken in the history of our country; everyone else clearly believes they must be tried. [end recording]

Arturo Pena added that the New York agreements state the government must grant amnesty to FMLN combatants, so the pro-government deputies' proposal for a general and staggered amnesty seeks to delay the incorporation of the rebels into political life. Pena rejected this, because they are already participating in politics. He cited as an example the news conference during which he made these statements. During this conference, they added that the FMLN is willing to subject its combatants to justice if investigations link them to the deaths of prominent right-wing leaders.

[Begin Pena recording] As for the deaths of certain prominent right-wing politicians, which have been attributed to the FMLN, we believe amnesty should cover this as well; investigations must be conducted. We must deal with these crimes if we are convinced they deserve attention. We believe these actions—war actions—took place within the framework of the armed conflict. Thus, we believe the amnesty decree should also benefit those involved in these cases. [end recording]

The beginning of a political strategy, the first phase of which would end in 1994, when the next presidential elections are scheduled to take place, was also announced at the 21 January news conference in San Salvador.

[Begin Pena recording] Our political committee defined a strategy we call the 800-day strategy; that is, it will last from now until 1994, when the elections will take place. We have included essential points in this strategy. One of them is to monitor and guarantee the fulfillment of the agreements reached between the government and the FMLN—the peace agreements.

We are committed to developing all organization activities. We are a political party, but a party of the masses.

This means we will be working with the people before, during, and after the elections. [end recording]

He also announced that the FMLN will participate in the 1 February celebrations. Pena added that combatants from all war fronts and from the General Command will participate. David Gaviria, who is also a member of the FMLN's Feliciano Ama Western Front Political Committee, said this massive FMLN participation on 1 February would (?mark) the beginning of its political work, which has already placed representatives in 200 municipalities in the 14 departments.

Finally, the rebel commanders pointed out that they will struggle within the political framework with the population, of which the FMLN is now an active part. This will be done without any restriction, as was agreed at the peace negotiations, to ensure compliance with the political agreements.

The rebels' statements were made as the National Commission for the Consolidation of Peace is in Mexico analyzing a broad and gradual amnesty proposal submitted by the Interparty Commission.

CD Lists Proposed Amnesty Exclusions

PA2201185992 San Salvador Canal Doce
Television in Spanish 0300 GMT 22 Jan 92

[Text] Democratic Convergence [CD] deputies have said they will support a broad amnesty covering the Army and the Farabundo Marti National Liberation Front [FMLN], but excluding cases of massacres, the execution of the injured, acts of torture, and kidnapping. Although the peace documents do not refer to an amnesty, the CD would support the establishment of a broad amnesty to facilitate reconciliation. It believes, however, a time period must be established so action can be taken against those cases excluded from the amnesty.

[Begin unidentified reporter recording] An amnesty decree must establish time periods so citizens or their lawyers can file lawsuits in the cases excluded from the amnesty. We suggest that the time period be one year. After this period expires, no lawsuits could be filed. [end recording]

Nevertheless, according to the CD, there is no hurry to issue an amnesty before 1 February because it is not needed for the arrival of the FMLN commanders as the legalization of the National Commission for the Consolidation of Peace [Copaz] is sufficient. This position runs counter to the government's opinion.

[Begin unidentified reporter recording] In our view, the following cases should be excluded from an amnesty decree: summary mass executions, in other words, massacres; torture, if it resulted in death or very grave injury; disappearances of people; and execution of an injured person or a prisoner taken in combat. These exceptions are already considered by international law as crimes against mankind and because of moral, ethical, and legal reasons, they cannot be covered by an amnesty or

pardon. No country can grant asylum to those who commit such crimes. That is what international law establishes. [end recording]

In any case, these opinions are only contributions to the debate. The final decision must be made in Mexico on 21 or 22 January during the meeting of Copaz. That meeting might be the last one it holds outside El Salvador as it should be installed in San Salvador on 1 February.

Cristiani Visits D'Aubuisson in Hospital

PA2301023792 San Salvador Canal Doce
Television in Spanish 0300 GMT 22 Jan 92

[Report by Ernesto Rivas; passages within quotation marks are recorded]

[Text] President Alfredo Cristiani visited Roberto D'Aubuisson [founder of the ruling Nationalist Republican Alliance, ARENA] on 22 January at the Hospital de Diagnostico y Emergencias. D'Aubuisson has been hospitalized since 18 January, when his health deteriorated. Ernesto Rivas reports from the hospital:

[Rivas] Sources close to ARENA indicated D'Aubuisson was hospitalized because he had several ulcerous hemorrhages. The ARENA leader, who has terminal cancer, is also undergoing chemotherapy to check the spread of cancer. President Cristiani denied D'Aubuisson's health is deteriorating.

[Cristiani] "He looked alert to me. We discussed politics, which means he is attentive and in good spirits. I brought him a copy of the peace agreements so he can review them. The ARENA party has always supported the peace process. The party deserves recognition because it gave and is giving the necessary support so these things can happen."

[Rivas] This is the third time D'Aubuisson has been hospitalized here, but he has never been in a life-threatening situation. Everything seems to indicate, however, that his cancer is gradually spreading, causing his health to worsen.

Cristiani was also asked about amnesty, a topic the Assembly is currently addressing and the National Commission for the Consolidation of Peace is discussing at length. The president supports the view that amnesty must result from a consensus.

[Cristiani] "We have asked the political parties to seek a consensus formula. Earlier, I told them the important thing behind an issue such as amnesty is to reach a consensus. If we have a consensus formula, it will be the best thing for the country because everybody will agree on it."

[Rivas] The president told the press that the investigation of Colonel Armando Rodriguez's murder continues. A political motive has been ruled out at the present time.

[Cristiani] "Preliminary findings indicate the murder was not politically motivated, but resulted from a crime.

These are the preliminary findings, and one of the perpetrators is now under arrest."

[Rivas] He was also asked about evictions in Guazapa Hill and plans by some peasants to reoccupy the Abulunga Farm. The president said the final peace agreement addresses the issue of respect for the rule of law, a fundamental point for peace. The government has the right to enforce the laws against those who take over lands for this reason. Commenting on an eviction in Guazapa, he said the UN Observers for El Salvador were informed earlier to ensure there was no violence in that operation.

MNR Urge U.S. Financing for Reconstruction

PA2201200192 San Salvador Canal Doce
Television in Spanish 1800 GMT 22 Jan 92

[Text] The National Revolutionary Movement [MNR] has asked the United States to finance El Salvador's reconstruction at the same level it financed the war. The youth of the leftist MNR criticized the actions of two U.S. administrations, indicating that both Reagan and Bush thought the solution to the 12-year Salvadoran conflict was through military rather than negotiated means. The MNR said that history has shown that the Salvadorans were right. During the Cristiani government and as a result of the pressure exerted by the guerrilla leaders, peace was achieved. Therefore, the MNR youths stated, militarism as a solution to social problems has been ruled out.

[Begin unidentified speaker recording] There have been no winners or losers in El Salvador. Therefore, the counterinsurgency plan in El Salvador has failed. This has led the United States to participate, not in the promotion of war, but in the achievement of a concerted effort for peace. There is no longer talk of just the Group of Four Friends of the UN secretary general, but of the Group of Four plus one, because the United States is no longer supporting the war but the attainment of peace in El Salvador. [end recording]

In 12 years of war, the United States gave more than \$6 billion to the Salvadoran Government. The United States should give El Salvador even more now, the MNR said, adding that the difference now is that the dollars will be used to build and not to promote destruction among the Salvadorans.

[Begin recording] [Unidentified speaker] We are asking that all the aid that has been used to cause death and destruction in El Salvador be used for our country's reconstruction.

[Second unidentified speaker] We have to begin not only with the reconstruction of buildings. We also call on the youth and the people in general to achieve national reconciliation through cultural reconstruction. We are a people who have been left without cultural principles because the war and the political process have led to differences among Salvadoran brothers. [end recording]

With the end of the 12-year conflict in the country, the MNR has asked that the 1992 Nobel Peace Prize be shared among Guillermo Manuel Ungo, Alfredo Cristiani, and Javier Perez de Cuellar, among others.

Guatemala

Four Guerrillas Killed in Clash With Military

PA1801011992 Guatemala City PRENSA LIBRE
in Spanish 16 Jan 92 p 2

[Text] Army sources have reported that on the afternoon of 15 January there was a clash between military patrols and rebel groups. Four guerrillas were killed and several others were wounded.

Defense Minister General Jose Domingo Garcia Samayoa has confirmed that a clash took place yesterday between military commandos and members of the Guatemalan National Revolutionary Unity.

PRENSA LIBRE reporters noted that two Guatemalan Air Force helicopters took off and headed north, where the clash took place. Gen. Garcia said he does not know the results of this operation, but the Army will continue to struggle against rebel groups responsible for the unrest the Guatemalan people are enduring.

The defense minister said this is a matter of very small groups that are trying to survive, although they have no ideological basis after the collapse of the Marxist-Leninist system. The minister explained that the guerrillas have been completely defeated, and the only thing they can do now is accept the total peace agreement proposed by President Serrano.

Although Minister Garcia Samayoa gave no details on the results of the clash, it has been reported that four guerrillas died. Recently, an Army lieutenant died in a clash in Playa Grande, Quiche, one of the most conflictive areas of the country.

Latest Clashes Leave 15 People Dead

PA1801013992 Panama City ACAN in Spanish
1615 GMT 16 Jan 92

[Text] Guatemala City, 16 Jan (ACAN-EFE)—At least 11 soldiers and four guerrillas were killed in the past few hours during battles in Guatemala. Guatemala is the only country in Central America to have rebel groups now that the Salvadoran peace agreement has been signed in Mexico.

The Guatemalan National Revolutionary Unity (URNG) issued a "war report" on 16 January, stating that it had inflicted 10 casualties on the Army in an attack on the Chajul military detachment in northwestern Quiche Department.

The guerrilla group asserted that it damaged with anti-aircraft fire a Guatemalan Air Force PC-7 Pilatus aircraft in the Northern Flores region of Peten. There were no casualties.

The Army Information and Press Department (DIDE) reported that Infantry Lieutenant Luis Eduardo Carrillo was killed in a rebel ambush near the Xalbal Bridge in Quiche.

The source stated that two soldiers who were patrolling the area were wounded during this incident.

The Armed Forces also reported that military patrols and rebel groups waged fierce combat in Chajul, Quiche—one of the most strife-torn departments in Guatemala—on Wednesday, 15 January.

According to the military sources, at least four rebels were killed and several more were wounded in the clashes.

While the Farabundo Marti National Liberation Front and the Salvadoran Government of Alfredo Cristiani signed on 16 January in Mexico City the peace agreement to end the war in that country, negotiations in Guatemala between the government and the rebels are at a standstill due to differences on the topic of human rights.

Guatemalan President Jorge Serrano, who is in Mexico attending the Salvadoran peace signing ceremony, asserted that he is willing to sign a peace agreement with the URNG soon but said that this guerrilla group—one of the oldest in Latin America—lacks the will to do so.

According to private humanitarian organizations, the 30-year civil war, which Guatemalans hope will end in 1992, has caused approximately 100,000 deaths and resulted in 45,000 refugees and one million displaced people in the country.

Sources close to the negotiation process report that the peace talks between the URNG and the government commission, headed by General Presidency Secretary Manuel Conde, could be renewed this month.

Human Rights Lawyer on Civilian Defense Patrols

PA1601162592 Guatemala City Teleonce Television
in Spanish 1800 GMT 14 Jan 92

[Text] Human Rights Attorney General Ramiro De Leon Carpio has referred to reports that many peasants who join the Civilian Defense Patrols [PAC] do not do so voluntarily but under pressure.

[Begin recording] [De Leon] We have evidence proving that in some cases peasants join voluntarily. We know of specific cases, in southern El Quiche Department, in Chichicaltenango, for example. In other cases, however, peasants do not join the Civil Defense Committees voluntarily; they are forced to do so.

[Reporter] Who forces them?

[De Leon] Well, the community in general, which does not understand that Article 34 of the Constitution guarantees not having to create such self-defense groups. It is difficult to make them understand this. Naturally, we must realize that the Army needs the PAC as long as the internal armed conflict continues. That is a reality. This has been included in the talks between the guerrillas and the government; it is one of the points on the agenda. Once the conflict is over, it is logical that this situation will change. This will require a reorganization. What we cannot tolerate, however, and I must reiterate this, are abuses by those who direct the PAC. There is impunity in some cases [words indistinct] it was difficult to arrest patrolmen who caused so much damage, but they were finally arrested. [end recording]

Authorities Search for Clandestine Airstrips

PA1901044292 Guatemala City PRENSA LIBRE
in Spanish 17 Jan 92 p 61

[Text] Defense Minister Jose Domingo Garcia Samayoa confirmed on 16 January that the government security forces have initiated a search for more than 20 clandestine airstrips in various parts of the country, especially in Peten and in the southern coastal area.

Government Minister Fernando Hurtado Prem has reiterated that there has been a considerable increase in drug trafficking because the drug cartels are turning Guatemala into some sort of huge cocaine storeroom.

General Garcia was interviewed in his National Palace office. He showed the media a map of Guatemala and pointed to places where the security forces believe there are clandestine airfields. Nine of the airstrips could be in the hilly Peten Department, others in the southern coastal region, and also in San Marcos, Alta Verapaz, and Izabal Departments.

Regarding Peten, the defense minister acknowledged that the lowland, jungle nature of that department makes it an ideal area for strategic drug-trafficking operations. The high-ranking military officer did not say what kind of drug could be stored in the Peten region, but affirmed that "the Peten lands are fertile and could be used for the exploitation of large marijuana plantations."

Some journalists asked the minister about the possibility of the rebel groups operating in the Peten region supporting the drug traffickers. He said that such a question would have to be addressed to the guerrilla commanders, but added that the fact that poppy and marijuana plantations are in areas where the terrorists operate creates suspicion.

The defense minister said the security forces have received support from the DEA to counteract the actions of the drug-trafficking cartels. He said, however, that high-technology equipment is necessary to locate the small planes arriving in the country.

We urgently need, he said, radars to control the country and to prevent small planes from landing on clandestine airfields. This equipment, however, is expensive, and the country cannot acquire it right now.

Gen. Garcia said that according to the information the Army has, several of the airstrips are in the southern coastal region, where the pirate planes have no problem landing from the Pacific Ocean area.

Hurtado Prem, meanwhile, said that drug trafficking has increased considerably. Last year, he said, the authorities seized several drug shipments due to plans from the security forces.

There are reports, he noted, that the cartels are trying to turn Guatemala into their main front yard because they are using Guatemalan territory to transport cocaine to consumer regions, such as Europe and the United States.

* Exports Earn 47 Percent of Foreign Exchange

92CA0068C Guatemala City SIGLO VEINTIUNO
in Spanish 13 Dec 91 p 12

[Text] The president of the Chamber of Industry, Carlos Vielmann Montes, declared that, of the total foreign exchange of "known origin" that entered the country during 1991, only 47 percent was generated from exports made by Guatemala.

The private sector leader commented on the presumed stability noted in the exchange rate for the quetzal with respect to the U.S. dollar, and the apparent intention of certain officials to maintain a fictitious exchange rate, as he put it.

He explained: "At the present time we cannot talk about deregulating the exchange rate simply for the sake of deregulating it; because we would first have to consider the fact that the major foreign exchange income this year was not generated by exports."

He went on to say that one of the circumstances that attracted foreign exchange to our country was the reduction in interest rates in U.S. banks and the rise therein in Guatemala.

In his opinion, this situation caused large amounts of capital to be deposited in our country, because it proved more profitable to keep them here than in American banks.

On the other hand, he claimed, it must be admitted that the investor had sufficient confidence in the government and its economic authorities. This made it possible for the investor's own funds to enter the country, in view of the increase in credits for financing operations.

He continued his remarks, noting: "This is why the Bank of Guatemala currently has about \$500 million in foreign exchange reserves, not based on export activities or production carried out in the country."

Vielmann added that, in November, nontraditional exports, far from increasing from a monetary standpoint,

declined. This was observed all year as a constant, in the sense that imports fell short of foreign exchange income. Last month, the trend was reversed, and purchases abroad now exceed income.

He indicated that this situation makes it impossible to predict a stable future for the national economy, because it is so weak, and its exports account for so little that, when interest in the United States rises, capital could be lost and the economy could become destabilized again.

On the other hand, he remarked, it is not surprising that the exchange rate should have a downward tendency, when one considers the fact that the Bank of Guatemala has collected a large amount of money in circulation through term certificates of deposit and CENIVACUS [expansion not given].

He noted specifically that, if all the quetzales are collected and the dollars released, it is only logical for the exchange rate to decline; because there would be no quetzales for purchasing foreign exchange. However, this would be fictitious, and detrimental to the national economy.

Moreover, he gave a reminder that no one is unaware of the decline in traditional export products on the international market; which ultimately will have repercussions on internal problems.

The Chamber of Industry president emphasized that, therefore, this dollar liquidity should be put to good use by the Bank of Guatemala. There should not be a recurrence of what happened to us in previous years, when foreign exchange was available, but was spent on luxury items rather than on productive things beneficial to the country.

* Japan Donates \$3.8 Million for 2 Bridges

92CA0068D Guatemala City SIGLO VEINTIUNO
in Spanish 13 Dec 91 p 12

[Text] The Government of Japan, through its ambassador to our country, Hirotsugu Oshima, presented President Jorge Serrano Elias with a donation of \$3.8 million for the construction of two bridges in the eastern part of the country.

The gift was invested in the construction of the San Juan bridge on Central American Highway CA-10, in the department of Zacapa; and in another structure at Las Lajas, on national route RN-19, in the jurisdiction of Jalapa. They were put into service on 3 and 4 December.

The work began last January and, 10 months later, it culminated in the opening of the bridges, for the benefit of hundreds of thousands of settlers in those regions. This was achieved with nonreimbursable financial cooperation from the Japanese Government.

Both bridges were totally reconstructed, because the previous ones were of the Bailey type, and in bad condition. For this reason, their structure is now metal,

manufactured exclusively of entirely rustproof, and hence, long-lasting material.

Participating in the execution of the project were the General Directorate of Roads and residents of the two departments, as well as Japanese experts from the Japanese International Cooperation Agency (JICA), and a group of construction firms from private enterprise.

Nicaragua

Assembly President Comments on Baker Visit

PA2201222692 Managua Radio Catolica in Spanish
1100 GMT 21 Jan 92

[Text] National Assembly President Alfredo Cesar has said that either Nicaragua will move toward a democratic course or U.S. aid will stop. The honeymoon between the U.S. Administration and the Nicaraguan Government is over. Alfredo Cesar made important disclosures this morning in "The Awakening" newscast about his conversation with U.S. Secretary of State James Baker, who brought a very clear message: Either Nicaragua starts on the right course toward democracy, settling the issues of ownership and the partisan police, or there will be no more aid. U.S. aid for 1992 for Nicaragua has not yet been approved. Cesar made exclusive remarks to reporter Moises Absalon Pastora. Here is Alfredo Cesar talking about Secretary Baker's remarks in Nicaragua.

[Begin Cesar recording] When U.S. Ambassador Harry Shlaudeman requested the meeting on the occasion of the visit by Secretary Baker, he told me that Baker wanted the approximately hour-long visit to the National Assembly to discuss important matters. He wanted the meeting to be divided into a private meeting with me, the National Assembly president, and a meeting with all the leaders of the National Opposition Union and Sandinist National Liberation Front blocs. His goal was to stress that the U.S. Administration felt that the National Assembly, and no other forum, constitutes the political venue where Nicaragua's political problems should be resolved.

That is why Secretary Baker told me that....[pauses] Ambassador Shlaudeman told me—and Secretary Baker confirmed it on the afternoon of 17 January—that Baker did not want to meet with any political party without representation in the National Assembly. The message from the U.S. Administration indicates that they feel the National Assembly constitutes the most important political forum in the country and the place where the political parties must resolve their differences. [end recording]

Cesar commented further on Baker's message to the Nicaraguan Government. The honeymoon between the United States and Nicaragua is over, Cesar stated.

[Begin Cesar recording] First, we must point out that the 25-minute meeting was obviously not enough to discuss problems at length. That time was barely enough to review the problems. We did talk about the progress the

country has achieved, as well as obstacles hampering the consolidation of democracy and the reactivation of the economy. There are two specific obstacles: One is the problem of ownership rights in the country, which is still unresolved. Mr. Baker feels foreign investors do not have any confidence; and he does not believe Nicaraguans are confident they will be able to reactivate the economy as long as the ownership problem goes unresolved. He is very concerned that this matter has not been resolved.

The other obstacle deals with public order. The incidents that took place on 9 November were the last straw, and they prompted Baker to send a letter late last year. This letter was never made public, but it obviously gave a warning, and he confirmed that warning during his visit. He is concerned about the fact that we lack a security corp that can meet the people's expectations. It should be a truly professional corp that protects the people and the right of ownership, guarantees private property and the security of all citizens without political distinctions, and does not allow the acts of vandalism that we witnessed on 9 November, to cite the most recent incidents, because we have had several of them since this government took office.

Baker mentioned this concern, and he spoke quite frankly about this. He feels that unless this is controlled, it will be difficult to create the conditions of stability in the country that will allow economic recovery and consolidation of democracy.

We had an exchange of viewpoints on those subjects. Apparently, the U.S. Embassy informed him of our situation, as he was very knowledgeable about the topics we discussed. He did not have a distorted view, and his view was very close to reality. I contributed some new information so he could be very aware of the fact that the National Assembly is taking action. I told him that the National Assembly will very soon begin the second attempt to solve the property issue and the problem of the police force. They are also willing to discuss any legislation necessary for making these forces professional so they will act correctly, in line with the state of law. [end recording]

It is not likely that the United States will send assistance this year unless the Nicaraguan Government solves the property problem and works on an apolitical police force, National Assembly President Alfredo Cesar said.

[Begin Cesar recording] I feel that Mr. Baker's visit marks the beginning of a new era of relations between the United States and Nicaragua. Our two countries have managed to define the overall framework of friendship, mutual respect, and cooperation. At no time did I feel that Mr. Baker was here to impose anything on Nicaragua. Nonetheless, it was clearly established that the assistance the United States has provided to Nicaragua and that should continue will be difficult unless Nicaragua makes progress in its goal of consolidating democracy and reactivating the economy. He was here to voice his concern and that of his government with respect to

these topics. He is worried that this might mean that the country is not advancing in the correct direction on these two issues; that is, the subject of property and the topic of public order.

Therefore, I feel we have completed the stage in which the United States helped us, that is, what you call the honeymoon stage. There were no conditions during the first two years of government, because Nicaragua needed that help to correct the disastrous financial problems we inherited from the Sandinist regime.

Now that the Salvadoran war is over, we must bear in mind that El Salvador will begin to ask for more economic aid, and it will become the miracle country. Nicaragua was the miracle country in Central America from February 1990 to January 1992. In those two years, we managed to defeat the Sandinist front. In an extraordinary show of civic courage, the Nicaraguan people went to the polls and defeated the Sandinist front. The new government then took over, and extraordinary things began to happen, such as the demobilization of forces and their rejoining civilian life. We see how the main problems are being solved in the country, such as freedom of the press, freedom to move about the country, and freedom to enter and leave. Everyone has united to stabilize the economy and cut down on hyperinflation.

All of these were very important issues, and for two years our Nicaragua was the miracle country. An interesting situation has arisen, nonetheless, and it is very important. El Salvador now replaces Nicaragua in all of the international media as the new miracle country in Central America. The Cristiani government, which has been accused of being an ultra rightist country incapable of achieving peace with the guerrillas, has managed to negotiate a stable, lasting, and very solid peace with the Salvadoran guerrillas. The guerrillas are pleased, and so is the Salvadoran Government. Salvadoran democracy has been strengthened, and that is something that impresses the world. That is a new miracle in Central America.

The war is over in El Salvador, and now all international eyes are on El Salvador. We should not forget that it is pragmatic for the United States to remind our country that we ourselves must strive to correct the problems that still exist in Nicaragua and achieve the consolidation of democracy and the reactivation of the economy.

Otherwise there will be difficulties in obtaining assistance. It is not a matter of imposing conditions. It is a matter of explaining that there are many countries fighting over limited U.S. aid. Here in Central America, a peaceful El Salvador will require more economic assistance. Now, this is a matter of explaining that Nicaragua must carry out profound changes to correct its problems. There are two issues: The property issue, which is yet to be solved in Nicaragua; that is, justice for those who lost their property and correcting the outrages of the pinata-like giveaway. There is also the subject of the national police, which has to be a force that the citizenry, the producers, everyone will trust. It will show

its professionalism by preventing actions against the people and property in the country.

This is not an interventionist position, as some of the Sandinist media have called it. At no time did I feel that U.S. Secretary of State James Baker was here to threaten or impose anything on us. He had a very respectful stand. He said that Nicaragua must correct these problems, otherwise there will be difficulties with the economic assistance to the country. Thus, I believe this marks a stage that we Nicaraguans must confront in a very conscientious manner within this new framework of relations between Nicaragua and the United States. This new framework is based on mutual respect, friendship, and sincere cooperation. Among friends, precisely between friendly nations, these issues are discussed, but not imposed. This is what we did when Mr. Baker visited.

It would not be right if we Nicaraguans reacted like an ostrich and tried to ignore the very serious message of this visit. It would also be bad if we Nicaraguans overreacted, as some groups within the Sandinist front will probably try to do, arguing that our sovereignty does not allow us to accept any type of intervention, and so forth.

Neither one of the two stands is correct. We can neither evade this message nor overreact to it. We have to take it as it comes, with common sense and maturity. Mr. Baker has brought us a message that is loud and clear: We Nicaraguans either correct our own problems, or we are going to have problems in a world that is competing for U.S. aid, particularly now that peace has been attained in El Salvador.

There is no indication that such assistance has been guaranteed or is permanent. The U.S. Congress has not yet approved that assistance for 1992. The George Bush administration has requested it, but the U.S. Congress has not approved it. Senator Richard Lugar told me so on 17 January. Lugar, a member of Mr. Bush's Republican Party, is the most important senator in matters of foreign policy. [end recording]

First Recompas, Recontras Demobilize in Jinotega

PA2201223492 Managua Sistema Nacional de Television Network in Spanish 0100 GMT 22 Jan 92

[Text] Tomatoya, Jinotega Department, was the site of the first event marking the disarmament of recompas and recontras in accordance with recent government agreements.

Government Minister Carlos Hurtado attended the event. He said the disarmament constitutes a consolidation of the goals outlined by the government for 1992, the economic takeoff, and the existence of law and order.

One hundred recompas and 70 recontras surrendered their weapons at the first demobilization of unconventional forces following the agreements' ratification last week. The government minister said 90 of the demobilized fighters will be inducted into the region's National

Police. He described the demobilization as an action that should be imitated by the rest of the subversives.

[Begin Hurtado recording] I believe a very important step has been taken. I would like to take advantage of this occasion to urge all of the other rebellious forces and individuals to join this effort, to have confidence in the government and its institutions because—as I said during my speech—we are working to strengthen our roots, which are in the countryside. We will also work toward fulfilling our pledges. [end recording]

A government spokesman announced talks with El Indomable [Jose Angel Moran Flores] will begin on 24 January.

Recompas and recontras urged other subversive leaders to set aside their weapons to foster peace and stability in the country.

Liberals Ask Government To Keep Agreements

PA2101223692 Managua Radio Catolica in Spanish
1100 GMT 21 Jan 92

[Text] The Independent Liberal Party, the Constitutionalist Liberal Movement, and the Liberal Party of Nicaragua issued a joint communique demanding that the government immediately comply with the agreements signed with the Nicaraguan resistance. Such compliance, they said, may become a key element leading to a true and genuine disarmament process in Nicaragua and, specifically, to a climate of peace and stability in the north.

The joint communique stated the parties are deeply concerned over the bloodshed and large number of deaths that have been occurring for several months in the northern zone. The simultaneous disarmament of the recontras and recompas is scheduled to take place 21 January. It is estimated that approximately 200 former contras may turn in their weapons. Dozens of rearmend Sandinist servicemen, known as recompas, have been gathering in El Dorado region.

Government Minister Carlos Hurtado noted that talks with recontra chief Jose Angel Moran, known as El Indomable, will continue on 23 and 24 January.

Demobilization Director Resigns From Post

PA2201162792 Managua Sistema Nacional de
Television Network in Spanish 0100 GMT 21 Jan 92

[Text] Israel Galeano, a.k.a. Commander Franklin, has officially tendered his resignation from his government post. While Galeano presented the resignation, Government Minister Carlos Hurtado announced an upcoming meeting with El Indomable [Jose Angel Moran Flores] to evaluate the disarmament process.

During a public appearance, Galeano explained that he was resigning to take care of personal duties, but he said he will always support the peace process.

[Begin Galeano recording, in progress] ... I therefore ratify my support for the democratization and pacification process, because national reconciliation is the only way to reactivate our economy and establish a de jure state. [end recording]

Commander Franklin was the director of the Inter-Institutional Coordination for the Demobilized, which is a branch of the Government Ministry. He was also a member of the disarmament and agrarian commissions.

On this occasion, the government minister praised the role played by the police in the professionalization and special training of the different police corps as the essential framework within which the Government Ministry will work.

[Begin Hurtado recording, in progress] ... to give the institution a legal framework to improve its work, facilitate its professionalization, and even open spaces within the different corps in the police to a number of personnel who are very valuable and can provide important support for this professionalization process. [end recording]

Minister Hurtado also announced he will meet with El Indomable next week to evaluate the disarmament process. He did not specify exactly when or where he will meet with El Indomable.

Deputy Calls For State of Emergency in Somoto

PA2201012492 Managua Radio Corporacion
in Spanish 2200 GMT 21 Jan 92

[Text] Somoto Deputy Jose Caceres has asked the president to declare a state of emergency in the northern part of the country because peasants in that region have nothing at all. He explained that the drought has severely hurt northern towns, where peasants cannot even sow their fields because they do not have seed. The fields are full of weeds.

The deputy emphasized that housewives no longer even light fires in their homemade stoves because they simply have no food. The problem has been exacerbated by the violence and the arms buildup in certain areas that were previously among the most productive in the country, Caceres told the plenum of the National Assembly.

Recalling the president's remarks to the effect that the national economy will definitively take off in 1992, Caceres said that he could not see how.

Caceres added that all of the productive sectors have been affected because the prices for raw materials have skyrocketed, thereby rendering farming unprofitable and causing losses for cattle breeders.

To conclude, Caceres said that in the northern part of the country, it is impossible to move about freely at any hour of the day because weapons are in the hands of irresponsible civilians and criminals.

Police To Undergo Structural Changes

PA1901180292 Mexico City NOTIMEX in Spanish
0121 GMT 18 Jan 92

[Text] Mexico City, 17 Jan (NOTIMEX)—Presidency Minister Antonio Lacayo said on 17 January that the Nicaraguan Government will make changes in the structure and duties of the National Police to face the new drug-trafficking and contraband problems.

He said that the restructuring of the forces of public order will respond to the state of peace Nicaragua is now experiencing, although he recognized the importance that the United States has attached to the professionalization of the police force to strengthen legality and attract foreign investment.

Security and the "independence" of the police force were part of the discussion on 17 January between President Violeta Chamorro and U.S. Secretary of State James Baker during a short visit to this country.

Washington showed its interest in the creation of conditions that would encourage U.S. businessmen to invest in Nicaragua.

As long as there is violence in the streets of Managua or in the northern part of the country, however, foreign capital will stay away, Lacayo said.

Baker expressed his concern for a "little more order and security" to attract investors. They will contribute to the economic growth of the country, which calls for a police force that will "act," the U.S. secretary of state said.

Lacayo found certain "similarities" between Baker's statements and the National Opposition Union (UNO) government's economic plan, which calls for a police force with no ties to any political party—UNO or the Sandinist National Liberation Front.

The Nicaraguan minister announced a rearrangement of men and duties of the public order forces to guarantee the security of the people and increase legality and the level of public order.

He pointed out that to the degree that the Army and the police begin enforcing this "strong arm," there will be no protests from opposition sectors.

Daniel Ortega Expresses Solidarity With Libya

PA2201235392 Managua Sistema Nacional de
Television Network in Spanish 0230 GMT 22 Jan 92

[Text] Former President Daniel Ortega Saavedra, currently visiting Tripoli, met with Libyan leader Colonel Mu'ammur al-Qadhafi and expressed his solidarity with the Libyan people and Government, who are confronted with a UN Security Council resolution in violation of international law. The resolution attempts to assume responsibilities otherwise held exclusively by national courts and The Hague International Court of

Justice [ICJ]. This is a clear violation of both international law and the UN Charter.

The former president asserted that if this were the case, the Nicaraguan people would be able to request the extradition, trial, and conviction of former U.S. President Ronald Reagan for mining Nicaraguan harbors and aggression against the Nicaraguan people, which resulted in over 60,000 victims. That case was brought to the ICJ, which ruled on 27 August 1987 against the U.S. Administration.

Daniel Ortega also expressed his solidarity with the relatives of the victims of terrorist attacks on Pan Am and Air France planes. He said that all forms of terrorism should be fought. Ortega added, however, that international legal order should not be broken or the rights of countries attacked to counter terrorism.

Former President Ortega expressed to Libyan leader Mu'ammur al-Qadhafi his support and willingness to cooperate in having the issue duly clarified at the ICJ so it does not continue to be used as an excuse for military or economic aggression against the Libyan people and Government.

Panama

Government Reports Alleged Plans for 31 Jan Coup

PA2201144992 Panama City EL SIGLO
in Spanish 22 Jan 92 p 12

[Report by Carlos Singares]

[Text] President Guillermo Endara and Dr. Menalco Solis, executive secretary of the Council for Public Security and National Defense, have reported plans for a coup d'etat against the Endara administration on 31 January, Saint Juan Bosco's Day. The coup plans are to occupy the National Police barracks and carry out a commando-style attack on the Palace of the Herons to kill the president.

Endara and Solis, along with Second Vice President Guillermo Ford, the Judicial Technical Police chief, the National Police director, the chiefs of the National Air Service and the National Maritime Service, the government and justice minister, and the attorney general held an informal meeting yesterday with media owners and directors at the Presidency of the Republic to exchange views on the recent wave of explosions and terrorist attacks in the capital. These attacks have involved military elements linked to the dictatorship of Manuel Noriega.

Menalco Solis said the instigators and perpetrators of the terrorist attacks are under investigation while evidence is being gathered, because the crime of "terrorism" is not legally established [tipificado] in our country.

Security reports state that well-known officers of the Noriega regime, including Severino Mejia, Marcos Rodriguez, and Domingo Ocalagan, among others, met for the first time after the invasion during a 20 December

march. The source states they were highly "encouraged" by the results and adds that the groups planning to attack the presidency are made up of former members of the Special Antiterror Service Unit [UESAT], Machos de Monte 6th Expeditionary Company, and the Battalions 2000 and Paz.

It appears, according to investigations, that the planned "attack on the Presidency" was suspended. It includes attempts to kill Endara and his two vice presidents, Ricardo Arias Calderon and Guillermo Ford. The "brains" behind the subversive activities are former Noriega soldiers, and its perpetrators are Jorge Eliecer Bernal, Gonzalo "Chalo" Gonzalez, and another soldier named Ocana. These soldiers have contacted several members of the current National Police who were part of the dismantled Panama Defense Forces [FDP]. Some of those "contacted" revealed the plans of the "plotters" to the police chiefs.

The different groups that are organized with elite units of the former FDP apparently are trained in Chiriqui, Cocle, Macho de Monte operations area, and Darien Province where some 200 men felled trees as a "cover-up" for their military training.

At large are former Captain Carlos Saldana, who became famous and was nicknamed "Superman" during the dictatorship; "Teson" Alcibiades de la Cruz; and former soldiers Lopez and Anderson who meet in Chorrera.

Financing for the plan has been obtained from some politicians of the former regime and by robbing banks and commercial establishments.

Another place that has been discovered as a training ground is Anton. It was learned that Ricardo Herrera, alias "Martirio," who is at large has collected a large amount of heavy-caliber weapons. Reynaldo Cedenio, alias "Tablita," has also been mentioned.

It was learned that in the mayor's office in Panama, four members of the elite unit UESAT have been appointed as "security chiefs." They are Gustavo Perez, Tomas and Francisco Herrera, brothers of Eduardo Herrera, and former Lieutenant Flores. Menalco Solis added that those members of the military who have not accepted the fact that they lost power on 20 December 1989 have managed to "infiltrate" some security agencies.

Finally, the authorities announced that the investigations are continuing, and they have managed to disband and "infiltrate" the broad network established by the former soldiers throughout the country.

Cruz Favors Dialogue With Bomb Attack Suspects

*PA2201150692 Panama City EL SIGLO
in Spanish 22 Jan 92 p 8*

[Article by Aneldo Arosemena]

[Text] Attorney General Rogelio Cruz has disclosed he has held telephone conversations with former soldiers

who are the alleged masterminds of the recent terrorist attacks. He added he is in favor of holding a direct dialogue with them "to find out what they want."

Cruz made the statements during a meeting held in his office with four local reporters, in which the official disclosed that at least some of the leaders of the destabilizing actions have been identified.

The attorney general pointed out that former soldiers are behind the terrorist actions, and these individuals might be linked to other individuals of an ideological and political nature. Cruz clarified that these individuals are not using the resources democracy provides for presenting their complaints and protests, but they continue making use of an absurd militarism.

The attorney general said he is willing to hear the criticism and arguments of the terrorist former soldiers, and he urged those who are behind these destabilizing actions to make use of the resources and public liberties of the democratic institutions. He pointed out that "terrorism is absurd in a democratic society."

Cruz added that terrorism is not considered a crime in our current Panamanian legislation, and therefore the "bomb attack" against the Ministry of Planning and Economic Policy is considered damage to public property. If these incidents are related to other actions, then we are definitely speaking about terrorism.

Concerning the motivation behind these actions, Attorney General Cruz pointed out that the military does not have a clear concept of what is happening. The problem with these individuals is that they do not have a job and are upset that the military institution where they could develop their career no longer exists. Persons under such circumstances feel they have nothing to lose, Attorney General Rogelio Cruz concluded.

Foreign Minister Condemns Execution in Cuba

*PA2201175992 Panama City LA PRENSA
in Spanish 22 Jan 92 p 1*

[Report by Manuel Alvarez Cedenio and Luis Alberto Dudley Porras]

[Excerpt] On 21 January, Foreign Minister Julio Linares condemned the execution of anti-Castroite Eduardo Diaz Betancourt and stated that "if the same justice that Cuban leader Fidel Castro imparts were applied to him, he would have been dead a long time ago."

Diaz was sentenced to death by the Cuban Supreme Court and Council of State after a summary trial in which he was accused, along with two other people, of trying to destabilize the Cuban Government.

"I think the execution was totally unjust, especially coming from Castro, because if the justice he imparts had been applied to him, he would not be governing Cuba. He would have been dead many years ago," Linares said.

Diplomatic relations between Cuba and Panama are at their lowest level as a result of the U.S. invasion of Panama, which was strongly condemned by the Cuban regime. Cuba accused Panamanian President Endara of being a "pawn" of the U.S. Administration. [passage omitted]

Linares Responds to Request by Noriega's Attorneys

PA2201180092 Panama City Circuito RPC
Television in Spanish 2300 GMT 21 Jan 92

[Text] On the morning of 21 January, the lawyers of ousted General Manuel Antonio Noriega requested authorization through the Foreign Ministry to conduct legal proceedings to gather evidence from several military personnel and civilians confined in Panamanian jails. Foreign Minister Julio Linares responded:

[Begin recording] [Linares] The U.S. ambassador visited me to deliver a document requesting that the Panamanian Government—when I refer to the government, I mean all the government entities as a whole—authorize several investigations. The document specifically requested permission to obtain testimonies from several people. I immediately wrote a note to the attorney general of the Republic to inform him of the request, because the attorney general is the government official who decides such matters. In the note, I informed him that the executive branch does not object to the requested cooperation, and it wants Gen. Noriega's trial to be as fair as possible.

[Unidentified reporter] Was the authorization requested by the U.S. State Department directly or by independent lawyers?

[Linares] No, it was correctly requested through the State Department.

[Reporter] Who are the Panamanians to be interviewed by the lawyers?

[Linares] I do not recall. I believe [former Panama Defense Forces Lieutenant Colonel Nivaldo] Madrinan and three or four more people are included in the request. [end recording]

The foreign minister referred to the charges presented by Democratic Revolutionary Party [PRD] members that U.S. troops are stationed in Santiago de Veraguas.

[Begin Linares recording] We have U.S. troops in Panama because the late Gen. Omar Torrijos legalized this military presence in the Torrijos-Carter Treaties, treaties that were praised by PRD members.

The Fuertes Caminos 92 project is aimed at civic support and cooperation in repairing schools and roads. I am sure that if, instead of financing a dictatorship, state funds were used to repair streets and schools and not to enrich a few, we would not need to have U.S. troops stationed in Panama doing that work. [end recording]

Editorial on Normalizing Relations With Mexico

PA2001224092 Panama City EL PANAMA AMERICA
in Spanish 19 Jan 92 p 4A

[Editorial: "Panama - Mexico Relations"]

[Text] President Guillermo Endara's recent trip to Mexico on the occasion of the signing of the Salvadoran peace agreement has contributed toward creating a climate of understanding between the Panamanian and Mexican Governments. This new climate will help thaw diplomatic relations that deteriorated after the Mexican Government granted asylum to a former National Bank official accused of financial irregularities while fulfilling his duties. The fact that Former Minister Ezequiel Rodriguez, who was appointed ambassador to Mexico, was part of the retinue accompanying President Endara was very significant. He is now awaiting confirmation from the Mexican Government, in accordance with diplomatic procedures.

Based on unofficial reports, the Mexican Foreign Ministry has not appointed an ambassador to Panama. An adequate and equitable restoration of diplomatic relations at its highest level calls for a reciprocal and simultaneous appointment of ambassadors. Conventions of international law establish communication and negotiation are traditionally the main diplomatic functions. Therefore, for communication and negotiation to be conducted at the same level without a negative balance for either country, an equitable upgrading of diplomatic relations is necessary to guarantee a smooth and constant dialogue between both representations. At the same time, from the perspective of Panama's legitimate interests, we should not accept a formula other than the simultaneous appointment of ambassadors. Anything less would hurt the dignity of the executive branch, which as an important part of the state personifies and represents the nation.

The Panamanian public is aware that small groups of Panamanians who belonged to the former military regime reside in Mexico. Those groups, violating the regulations on political neutrality of foreigners, launch offensive attacks not only against those who represent the government, but against the country's democratic image. Those individuals are trying to hinder our diplomatic relations and make their political passions prevail over the prime desire of states wishing to normalize their links within the framework of full respect for the principles of people's self-determination and nonintervention in matters that concern national sovereignty. It is the political, legal, and moral obligation of Panamanians and Mexicans to prevent actions that obstruct the normalization of diplomatic relations. Instead, both countries should work together so the historical ties that have united us since we became republics do not fall prey to negative positions. On the contrary, we must see that our relations are conducted with dignity and respect for each other's sovereignty.

Editorial on 'Controversial' Military Bases*PA2001201792 Panama City LA ESTRELLA DE PANAMA in Spanish 19 Jan 92 p A4***[Editorial: "The Controversial Issue of the Military Bases"]**

[Text] The controversial issue of the presence of military bases in the Canal Zone area after 1 January 2000 is once again in the national spotlight. The Torrijos-Carter Treaties clearly and unquestionably state the final date for the presence of those troops in the country. The issue has become quite hot in recent statements made by two leading Panamanian jurists, Juan Materno Vasquez and Carlos Lopez Guevara, and by Lieutenant Colonel Daniel Delgado Diamante during a public event at the National University of Panama. The three speakers strongly rejected the position expressed by the labor unions representing the Panamanian workers in the Canal Zone and by legislator Leo Gonzalez. They have been calling for an extension of the presence of U.S. military bases in the Canal Zone beyond the date established in the treaties. The workers have asked the government to include the issue in a plebiscite, which has been scheduled by the Electoral Tribunal for August 1992. The plebiscite is specifically directed at ratifying or rejecting the reforms to the National Constitution that were recently approved by the Legislative Assembly.

The country's most outstanding national jurists, specializing in international law, have said on several occasions that the issue of the military bases is clearly set forth under the Torrijos-Carter Treaties and, therefore, may not be unilaterally changed. Any changes would require the consent of both countries. In addition, President Guillermo Endara and Foreign Minister Julio Linarez have made it absolutely clear that as long as they are in office, no changes of any kind will be made to the treaties. Despite these promises, legislator Leo Gonzalez and the Canal Zone workers insist on the need to carry out a public referendum to support the foreign military presence in the country. The workers are afraid of losing their jobs and worry that the government will be incapable of creating job opportunities to offer them economic assistance. The presentation by Panamanian compatriots Vasquez, Guevara, and Delgado flatly reject the workers' proposals and support the idea that, in some way, we would be discarding the patriotic struggle of many generations. We fully understand the fears of the Panamanian workers in the Canal Zone. Their subsistence and that of their families is at stake. But the interests of the country, national dignity, and the struggle to find our identity as a nation are also at stake.

Nothing should be more sacred to the people than their territorial integrity. We completely agree with Juan Materno Vasquez, who said that the national interest must never be interpreted as personal interest. This distinguished orator was not wrong when he clearly and openly affirmed his belief that a situation such as the one that has been described could never arise in our country. But the Panamanian oligarchy, which has always traded

with the dignity of its countrymen, continues to insist. We understand the position of those who have embarked on a campaign to have the U.S. military bases remain here forever. From that presence that humiliates our national dignity, they derive their honest earnings. We cannot, however, turn our backs on the generational struggle that Panamanians have led in favor of our sovereignty. Those who would give up their dignity do not deserve to be called free. The greatest of assets is not having to depend on anyone else and being able to follow a destiny molded by our own hands. We Panamanians have fought to regain our natural resources in each treaty we have signed. One must remember that the Torrijos-Carter Treaties, which set a time frame for the presence of U.S. military bases in the country, were ratified by a great majority of the Panamanian people through a plebiscite. The current attitudes of submissiveness must never be used to try and prolong a dependence that has toyed with our country's honor.

On the contrary, faced with the challenge of the year 2000, we Panamanians must assume a position of unity and full responsibility. We must demonstrate to a world that has shown its solidarity that we are capable of handling such an enormous enterprise as the administration of the Panama Canal. It would seem that the U.S. Government itself is not interested in maintaining military bases outside its borders, in view of the changing world. The Philipinos have just given us the best example of dignity and national honor. They, perhaps in a worse economic situation than Panamanians, decided to reject any attempt at prolonged foreign presence on their territory. Taking the short and easy way, thus giving up our national identity, can never be an honorable and exemplary historical position. The Torrijos-Carter Treaties must be fulfilled in their entirety and in all their connotations. We cannot go on surrendering our national pride and identity as a nation. The serious problems that may arise must be resolved with intelligent initiatives and efficient economic programs, but never by surrendering the fatherland.

Bar Association Alleges Treaty Violations*PA1701153992 Panama City EL PANAMA AMERICA in Spanish 17 Jan 92 p 10a***[By Juan M. Diaz]**

[Text] National Bar Association President Jose Alberto Alvarez has asserted that the constant confrontations between Southern Command soldiers and National Police members are a flagrant violation of the Torrijos-Carter Treaties.

Alvarez said the Panamanian Government should present a formal protest to U.S. authorities and take a dignified attitude in order to confront the aggressions of the U.S. military. He added that neither the Foreign Ministry nor the Executive Branch have responded to the situation in a clear manner to date.

The Bar Association president stressed that Panama must protest before the appropriate international forums attitudes that are disrespectful to our national dignity. He added that this is the only way we will be able to stop the escalation of aggression.

Alvarez asserted that our policemen have not received the support of top government officials, and that this has contributed to the demoralization of the public security members. He noted that when our policemen do their duty, as in the case of Corporal Arauz [policeman implicated in recent death of U.S. soldier], they are deprived of their liberty.

U.S. soldiers and Panamanian policemen have been involved in a series of quarrels and persecutions in the past months, which have generated protests from citizens.

PDC Vice President Criticizes Resignation Plan

PA1701222392 Panama City CRITICA LIBRE
in Spanish 17 Jan 92 pp 56, 37

[Report by Roberto Cubilla]

[Text] Raul Ossa, legislator and vice president of the Christian Democratic Party [PDC], has said that 22,000 public employees will be fired through the voluntary resignation plan, which is part of Vice President Guillermo Ford's economic program. Ossa stated that these employees "will be left with nothing, because there are no jobs in the private sector."

Ossa, who represents La Chorrera electoral district, said that the voluntary resignation plan, which was approved by the Cabinet Council through Decree No. 2 of 8 January 1992, must be ratified by the Legislative Assembly Budget Committee. He stressed that the members of his party, who represent the majority at the Budget Committee, will not approve funding for such a plan.

Legislator Ossa added that the program consists of "enticing public workers to resign for a few dollars." He expressed that the plan is an offense against government officials and their children.

Ossa warned the public employees that if they leave the government, they will not get jobs in the private sector. He said that at the present time the industrial sector hires 13-percent fewer workers than in 1989, adding that the agricultural sector is facing its worst crisis ever.

The legislator added that the government "has proposed" to pay workers a 12-month salary compensation "as bait." He added that this "is not enough to support a family and invest money in a business or company at the same time."

He also warned that the government "does not offer training programs that will permit public workers to

survive as businessmen." In addition, he said, they "will lose the benefits of the Social Security Fund."

Ossa said that the government must set the example, beginning with the resignation of the relatives of the officials who are sponsoring the plan, as well as that of the members of the parties Molirena [Nationalist Liberal Republican Movement], Arnulfist, and Authentic Liberal who have been appointed to public posts in the last 24 months.

The PDC vice president concluded that the government will have the moral authority to promote the plan once there are employment guarantees—through an acceptable economic growth and without exerting pressure to force workers to resign—for those who take advantage of it.

New Political Party Holds News Conference

PA'601181892 Panama City Circuito RPC
Television in Spanish 2300 GMT 14 Jan 92

[Text] The provisional board of the National Unity Mission [Mision de Unidad Nacional, MUN] and some followers this morning went to the Electoral Tribunal to file a request to register. They later held a news conference and defined MUN as a centrist party.

[Begin Juan Manuel Paredes recording] I would like to define the party as moderate and centrist. Its chief purpose will be to serve society, so we could say it will provide a social service. [end recording]

Juan Carlos Voloj Pereira, another board member, stressed that the members of this party have been preparing for 23 years.

[Begin Voloj recording] This party is born following 23 years of disorder, anarchy, and dictatorship; therefore, we have spent 23 years analyzing ways to achieve unity, success, peace, and prosperity. We are not an impromptu party. We have spent 23 years witnessing evil, learning where it comes from and how it happens in order to cure it. [end recording]

Although many have regarded MUN as a strictly religious party, its members denied such affiliation, stating that members come from various religious backgrounds. Father Xavier Villanueva on 14 January criticized the new party, which hopes to become an new electoral force in the country.

[Begin Villanueva recording] I must not create a party for my own gain. That is no good. I must not create a party so my church can make headway and proselytize. I do not predict success for religious parties, although they claim their members will represent all social classes and views. [end recording]

Father Villanueva noted that the word of God should not be mixed with politics, which is why he felt MUN will not succeed.

Argentina

Minister Describes Economy in Quarterly Address

PY2101150992 Buenos Aires Argentina Televisora
Color Network in Spanish 2231 GMT 20 Jan 92

[Address to the nation by Argentine Economy Minister Domingo Cavallo over radio and television network; date and place not given—recorded]

[Text] Fellow Countrymen: I am again addressing you over a radio and television network to inform you of the economic situation, as I have been doing every quarter.

As in the July-September quarter, we again achieved our goals regarding income and expenses in the public sector during the October-December period.

With great satisfaction, I can inform you that in 1991 we were able to achieve one of the objectives established by President Menem when he assumed power: the elimination of the fiscal deficit. That is no minor or secondary issue because for decades, not just for a couple of years, we Argentines have suffered the consequences of enormous fiscal deficits.

Last year, for the first time since the 1940's, we recorded a fiscal surplus, that is, we collected 200 million pesos more than what we spent throughout the year. It is a small surplus, but it is a great contrast with the enormous deficits of the past. To give you an example, in 1988—the last full year the previous government was in power—the deficit totaled 6.1 billion pesos.

This may be a somewhat technical presentation. Please allow me to explain the figures that will appear on your screens, which will make them easier to understand.

Now that we can talk in terms of a stable currency, it is important for all citizens to remember the overall numbers of our economy because it allows each Argentine to be aware of our problems and intelligently help to achieve a better solution.

Eliminating the deficit was achieved through a 5.3 billion peso increase in resources collected between 1988 and 1991 and a 1 billion peso reduction in the expenses over that same period. The national government cut its expenses by 4.4 billion and concurrently increased the transfer of resources to the provinces by 1.4 billion pesos and to the pensioners funds by 2 billion pesos.

That means that since 1988—the last full year of the Alfonsín administration—and 1991, the national government's fiscal expenses improved by 9.7 billion pesos. That was achieved through a 5.3 billion peso increase in resources and a 4.4 billion peso decrease in expenses. We thus eliminated the fiscal deficit and substantially improved the financial situation of the provinces and the social security system.

It must be noted that the 9.7 billion pesos, which serves to quantify the major improvement that we have accomplished in public finances, represents approximately one third of all public expenses.

There are very few cases where such a significant change has been made in the world in such a short time, especially if we consider that the figures do not include the elimination of yet another imbalance: the Central Bank deficit.

Until 1990, that imbalance was caused by subsidizing credits granted by the Central Bank to provincial banks, mortgage banks, and other national banks, the interests paid on the minimum legal reserve in banks, financing exports by printing money, and the losses incurred by the Central Bank in liquidating financial organizations. That produced a total that was practically as large as the fiscal deficit. During the year of hyperinflation, 1989, losses were even higher. The Central Bank deficit, which produced an inflationary effect on the fiscal deficit, has also been eliminated.

Countrymen, we are telling the truth when we say that the government of President Carlos Menem is working to eliminate the profound causes of corruption. We have given the coup de grace to the corruption that has hurt the Argentine people so much. We have done so by eliminating the fiscal deficit and the Central Bank deficit, which amounted to almost \$15 billion a year, through struggling against tax evasion, privatizing national companies, reducing state bureaucratic organizations, creating greater competition and control over national purchases and contracts, eradicating subsidies and privileges, and eliminating subsidized credits and other inflationary financing for financial organizations.

Those who refer to privatization as selling grandmother's jewelry and who try to identify the privatization process with the increase of corruption are telling a clumsy lie. Corruption prevailed when the state companies were buying and contracting with suppliers at very high prices, signing irresponsible collective agreements with their workers, and getting in debt—not to invest and improve their services, but to finance their inefficiency.

As those companies are reorganized and privatized, the problems are disappearing. That is why privatization does not mean selling grandmother's jewelry, but paying off grandmother's mortgages. You should not be deceived by demagogues. The people who attack the process of privatization and state reform are the ones responsible for a country where hyperinflation was causing destructive confrontations. Hands were being put in someone else's pockets, while others were putting hands in their pockets.

Since 8 July 1989, the government of President Menem has been engaged in an all-out struggle against the real cause of corruption, which is hyperinflation. The figures I mentioned are not invented. They are official figures, which for the first time in many years are available in detail. A few days ago we spoke with specialized

reporters of the Finance Ministry. We gave them a publication entitled: Results of the Accounts of the Non-Financial Public Sector. That publication covers the 1987-1991 period with quarterly information for every year, and monthly report for the last quarter of 1991.

As of now, in the middle of each month, we will distribute information related to the previous month. In that manner the economic analysts and any citizen interested in this issue will be able to follow the evolution of the fiscal accounts. That makes government activities more transparent and is another great tool against corruption.

We hope that this complete information, the collection of taxes, customs duties, and social security, as well as the evolution of the monetary base and the reserves of the Central Bank, which are published weekly, will enable the people who analyze the economic evolution of the country to find out what is happening. Unfortunately too often wrong information has been released based either on the absence of information or in the desire to confuse the people. As an example, I could mention the repeated story that this government bases its fiscal adjustment on its disregard for social problems and keeping resources away from the provinces, which is simply a lie.

It is well known that the provinces mainly administer those public social services. The provinces administer the justice, social security, education, health, and most of the social and community welfare services. During 1991, the provinces received a record amount of resources from the central government. The same occurred with the national social security system: Never before has it received so many resources.

Regarding national public expenses, considerable reductions were made in the following areas: interests on the public debt, which dropped from 4.8 billion in 1988 to 3 billion in 1991; non-personal goods and services, which dropped from 1.7 billion in 1988 to 1.5 billion in 1991; and investments, which dropped from 4.5 billion in 1988 to 1.9 billion in 1991.

The only item that was maintained almost constant nationally was that pertaining to personnel expenses, which totaled 4.7 billion both in 1988 and 1991.

The number of public employees has decreased, which means that public servants salaries were higher on average in 1991 than during the last full year the Radical Civic Union [UCR] was in power.

That does not mean that we are not aware of the fact that there are still serious problems to be resolved, for example, in the education and health areas; or that we ignore the fact that the retirees and pensioners continue to receive very low pensions. We are aware of those problems and are working hard to resolve them.

Progress has been achieved. If we have not achieved better results, it is simply because the problems accumulated over decades of inefficiency, corruption, and demagoguery cannot be resolved in two and a half years.

In my capacity as economy minister, and as a man who is moved and aware of the problems affecting children and the elderly, I can tell you that you will not be deceived as you were deceived in the past.

Those who say that we could be more sensitive and allot more resources to the provinces and the pension funds, and those who say that we need only issue more money to achieve that, are offering you a trap instead of a solution. The issuance of money will cause a higher inflation rate that will be far greater than the improvement in the monthly payments that the pensioners, teachers, doctors, nurses, and the policemen would ever get. Far from offering a solution, therefore, they are promoting the return of hyperinflation. This government will not follow that course.

Some industrialists, who are very active in the media, offer the same solution. They say that they could offer better salaries to their workers but the government has them manacled with the exchange rate and foreign competition.

It is very important for workers and their families to be aware that those gentlemen merely seek to deceive them. They promise to increase nominal salaries. That would merely cause devaluation and, consequently, a much higher proportional increase in prices. So much so that real salaries, that is, the true purchasing power of workers' families, would plunge. That has always happened in the past when some pseudo-businessmen or financial experts took advantage of the inflation rate to enrich themselves at the expense of the people's sacrifice.

When the government appeals to responsible businessmen and states that the level of salary increases must be accompanied by an increase in production, it does so thinking of the well-being of the workers and their families.

Fellow countrymen: It is very important to keep in mind what we have achieved since 1989. Not because we want to be arrogant or because we are irresponsibly optimistic. We want to show that positive results can be achieved when they are well-oriented and to demonstrate that we must persevere with the work established by President Menem. We have accomplished a lot, but there is still much to be done to consolidate and improve the results.

The charts you will see on your screens show the comparison of the average 1989, 1990, and 1991 April-December period and compare them with the period of implementation of the convertibility law. Inflation, measured by the cost of living index, dropped from an average of 58 percent per month in 1989 to 2.2 percent per month in 1991. Note that the inflation rate totals only 0.6 percent in December 1991.

The inflation drop is even greater if compared to the wholesale price index, as the rate was 63 percent per

month in 1989 and dropped to only 0.3 percent per month in 1991, and to minus 1 percent in December 1991. Thus, our levels of inflation are similar to international levels.

The interest paid on time deposits dropped as much as inflation, from 49 percent per month in 1989 to an average 1 percent per month in 1991, and 0.8 percent in December 1991.

That demonstrates the great difference between what has recently happened and what occurred during the Austral Plan. In 1985, nine months after the implementation of the Austral Plan, bank interest paid to savers was 4 percent per month. As the dollar price was officially set, as it is now, the interest rates paid on dollar deposits was also 4 percent per month. That explains the seasonal dollar influx phenomena when dollars from abroad were deposited in Argentina for a short period of time before being remitted abroad, thus causing an exchange crisis.

Now, with the convertibility plan, we have eradicated that old and persistent problem that plagued all previous stabilization plans. Interest rates also dropped, but not enough. They are still high and this is one of the subjects we must resolve in 1992 through the elimination of taxes that raise the costs of financial mediation, by increasing the banking operational efficiency, and through increased transparency and competitiveness of the credit market.

Credits have reappeared in the Argentine economy and the available credit volumes, both in pesos and dollars, have multiplied several times. That can be observed in the dollar deposit chart, which shows that from barely \$1 billion in 1989 the dollar deposits increased to nearly \$6.5 billion in December 1991. These are dollars that in the past people kept under their mattresses at home, or abroad, that now can be saved in banks that can relend them to their clients.

The Central Bank has increased its gold and hard currency reserves from barely \$2.5 billion in 1989 to more than \$7 billion in December 1991. We closed the year with more reserves than those necessary to support our monetary base. That is, the value of the peso is perfectly safeguarded.

The trust of foreign investors in Argentina is reflected both in the value of shares on the stock exchange and in the evolution of the Bonex [foreign bonds] quotations. The blue chip share index rose from 178 in 1989 to 761 by the end of 1991. That is, it multiplied fourfold. The Bonex market value increased nearly 50 percent since the convertibility plan was implemented.

A strong industrial reactivation took place. The industrial activity index increased from 100 in 1989 to 122 in December 1991. There is evidence of an increased labor demand in practically all sectors. For example, the number of classified advertisements for industrial workers increased from 100 in 1989 to 351 in 1991.

Between April and December 1991, the purchasing power of salaries in the industrial area was 53 percent

higher than in the same period in 1989. The unemployment rate in the metropolitan area of Buenos Aires dropped from 7 percent in October 1989 to 5.3 percent in October 1991. Total public revenues grew by almost 43 percent in December 1991, compared with the two previous years.

That was achieved despite the fact that withholdings on farm products, export taxes, taxes on automobiles and tires, taxes on securities, and many distorting minor taxes were practically eliminated.

In any country of the world, such economic results are considered extraordinarily favorable. Each one of you can feel that in your own home. We know we still have many problems, but the progress we have made over the past two years is both impressive and instructive. We should not now fold our arms.

Let me now refer to the issue of prices in January, because all of us are undoubtedly concerned about some worrisome increases.

Tourist expenses, especially hotel expenses, have grown by almost 16 percent. Entertainment and restaurant food prices have also undergone considerable growth. The price of fruit, vegetables, meat, grain, and grain byproducts have grown. Almost systematically since April, house rentals and professional and personal services have risen by between 1 and 3 percent. The prices of some medicines and cars have also increased.

Prices of products with a longer processing phase—food, clothing, or home appliances—remained practically unchanged or underwent slight decrease. The price of fuel has also dropped.

All this will cause the January inflation rate to be higher than that of December. I want to mention the causes and the solutions.

First, you should know that there is no reason, either from the fiscal or monetary viewpoint, to believe that our stabilization discipline is being relaxed. Consequently, we should not be afraid of a permanent resurgence of inflation. Yet there is a macroeconomic reason that did influence prices at the end of December and in January. I refer to the payment of the Christmas bonus and the resulting increase in family spending.

The payment of the Christmas bonus compelled enterprises and the government to release dollars and to ask the Central Bank for pesos. That is why the monetary base grew by almost 8 percent in December and is still increasing in January. It does not represent an issuance of money without proper backing. The law of convertibility is being strictly adhered to. However, it caused an increase in spending which, because of the holidays, was concentrated in food, fruit, entertainment, and tourism. Since there is still some inflationary mentality, those who sell products or render services react and raise their prices.

A similar situation happened in July, when increases in the prices of the same items delayed the inflation rate drop to August and subsequent months. One way to solve this cyclic seasonal problem is to pay the Christmas bonus over the year, as the executive branch has already proposed, though thus far without success. We will continue to pressure Congress to assume its responsibility and correct this permanent cause of financial shock and price increases.

On the other hand, consumers should redouble efforts to avoid paying increased prices. While planning their holidays, or while doing their Christmas shopping, if every one were to compare alternatives and argue prices, such price increases would not occur, or would be less severe.

If buyers or tourists pay what they are asked first, without bargaining, suppliers will take advantage of it and prices will be very high. It seems obvious, but it must be emphasized: Stability also requires the tenacity of the buyers so that they are not charged steep prices. In stable countries, the people argue prices. We must reinstate that practice in Argentina.

Another factor influencing inflation, although fortunately not permanently, is the weather. Nevertheless, that happens in any stable country in the world and it must not be considered a permanent cause for inflation. Increases prompted by floods or adverse weather will be rectified within a few weeks or, at the most, within a few months. It should not be a cause for concern.

The increase in rent and in professional and personal services is worrisome. It seems that property owners and people rendering services quickly and steadily want to improve their income, taking advantage of the overall stable atmosphere. In this field, there must be consensus solution too. Increased supply and competition is required. Concerning rent, the completion of new housing projects will help. Concerning professional and personal services, we hope that deregulation will encourage an increase in supply. Lessees and people requiring professional and personal services also must act, discussing prices and seeking alternatives when increases are imposed on them.

The issue of medicines and cars require action and decisions by the government. There is, undoubtedly, a certain degree of monopolistic power in those sectors. Therefore, the executive branch has decided to issue a decree, changing the method of registration, prescription, marketing, and importation of medicines. Within 90 days, the Health and Social Action Ministry will identify 500 or 600 of the so-called basic medicines that can be classified within the nearly 5,000 different brands and names that are being marketed in our country. After 180 days, doctors will have to prescribe medicines generically, not by brand names. Pharmacists will offer the various alternatives existing for each medicine prescribed and will even be able to dispense drugs that they will purchase in bulk so that the customer will be able to take with him or her the exact number of tablets that he

or she requires, not the number of tablets contained by the bottle dispensed by the laboratory.

That involves implementing the method of prescribing and marketing medicines that is used in most countries in the world. The new system should significantly reduce the cost of medicines.

We are concerned about the shortage of supply of cars and the price increases. Therefore, this week we will release a list of models and makes, equivalent to those manufactured in our country, that may be imported from anywhere, without quotas, and by anyone who pays the 22-percent customs duty. The list does not seek to restrict, quite the opposite. Minor differences in the body or in the motor do not represent a different product as established in the decree regulating the production and importation of cars. In sum, there is no reason for those who have decided to buy a car to have to pay an increased price. Delay your purchase until the model becomes available or directly import the model that you want. Again, the consumer is the one who has the control in his or her hands.

Finally, here are two pieces of advice that I would like to give you, especially to you housewives. The first concerns the receipt that must be given to you by the person who sells you any type of merchandise or provides a service. Do not forget to demand a receipt. If they tell you that they must add 16 percent Value Added Tax [VAT] for the receipt, do not pay it. Go to the DGI [General Tax Directorate] and report anyone who says that he will add a surcharge just because you have asked for a receipt.

VAT is already included in the price, even when you are not given an invoice, because in general traders and producers pay the majority of the VAT when they purchase the merchandise. Therefore, they cannot now charge you more than before, just because you have asked for a receipt. Do not always believe what you are told. Tell them that they must charge you the usual price and give you a receipt. That is the only way that you will prevent yourself and the state from being robbed.

Another important question is to check the cents. The cent is now important. Do not let them round off the price upwards. There is no reason why the conversion of australes to pesos should mean an increase in prices. In sum, look after the peso, look after the cents. The peso now has support and the cents are to be taken into account and are valuable.

As long as the government continues with balanced books and continues to comply with the convertibility law, and you argue prices and look after your pesos, they will not be able to steal stability from us. Stability led to economic reactivation in 1991 and it will mean economic growth and improved welfare for everyone in 1992.

Thank you, very much.

Sectors React to Address

PY2201231092 Buenos Aires *BUENOS AIRES HERALD* in English 22 Jan 92 p 11

[Text] (DYN)—Economy Minister Domingo Cavallo's Monday [20 January] night state-of-the-economy speech elicited reactions ranging from strong support to outright criticism and stinging irony, according to a series of interviews conducted yesterday by Radio Continental with representatives of various sectors of the economy.

Humberto Volando, director of the Argentine Agrarian Federation, took issue with Cavallo's assertion that part of the reason the inflation rate will be greater in January is that the government is handing out its month-overdue aguinaldo, or half-year bonus, then.

"If no salaries were paid, and pensioners didn't receive their money, we wouldn't see these increases," suggested Volando. "If each of us, instead of eating lunch and dinner, ate once a day, I think prices wouldn't rise," he quipped, adding that unfortunately "we have a bad habit in Argentina because people eat to satisfy their hunger."

In contrast, Argentine Industrial Union President Israel Mahler stated his concern with current price levels and the ever-present spectre of hyperinflation. He denied that business leaders and the government had cut a deal, recalling that last September his group had advocated "firm price supports to contribute to the stability programme."

Moreover, Mahler said, if the economy is stable the country should be able to withstand inflationary "tremors" such as it may experience in January without returning to the days of hyperinflation and financial speculation. Regarding the distribution of benefits, he said the government must balance the need for progress and stability with that for solidarity.

As might be expected, Julio Liberman, vice president of the National Coordinating Board of Retirees and Pensioners, blasted the economy minister, saying, "When the harvest is bad, we're the ones who feel it, not those who have the land."

Liberman decried Cavallo's proposal to spread out disbursement of the aguinaldo throughout the year to avert inflation and reiterated retirees' demands that pensions be raised to a minimum of 350 pesos a month. He reminded the government that it should not blame inflation on workers and senior citizens because "they didn't pay us on time, in violation of the law, and inflation rose just the same."

One listener strongly in agreement with Monday's message was Homemakers League Director Lita de Lazzari, who backed Cavallo's suggestion that consumers bargain with merchants and refuse to accept the rounding up of prices that goes on in many stores here. "It's one of the tricks of some merchants. When they had to change (from the austral to the peso), instead of changing the comma, they changed the price," charged Lazzari.

Shining Path Group Reportedly Visiting Salta

PY2201225092 Buenos Aires *NOTICIAS ARGENTINAS* in Spanish 1732 GMT 22 Jan 92

[Text] Buenos Aires, 21 Jan (NA)—Approximately 68 members of the Shining Path, the Peruvian Maoist guerrilla organization, have reportedly come to Argentina and met here with Red Cross officials in order to obtain safe conducts that will allow them to go into exile in Switzerland.

The newspaper *EL TRIBUNO* of Salta Province has reported that the Shining Path members entered Salta Province through Bolivia with the assistance of the Peruvian church.

In an interview published by *EL TRIBUNO*, a Shining Path member said they had defected because they "were deceived" by the Shining Path leadership and announced that they will show a videotape on a number of killings perpetrated by the guerrilla organization.

The Buenos Aires newspaper *EL CRONISTA COMERCIAL* reported today that after leaving the Peruvian jungle more than a month ago, the Shining Path defectors arrived in the Bolivian town of Yacuiba. From there, they entered Salta Province and arrived in the township of Salvador Maza. They arrived in Tartagal two days later. Then, they arrived in Salta, the capital of Salta Province.

EL TRIBUNO reported that the subversives asked for assistance in traveling to Buenos Aires, where they were to meet with members of the International Red Cross on 20 January in order to obtain safe conducts that would allow them to go to Switzerland.

In the interview published yesterday by *EL TRIBUNO*, a Shining Path guerrilla said: "We realized that the fight was serving interests other than the revolutionary goals proclaimed by the leadership." He added: "We were being used both by people linked to the drug trade and by political sectors that are claiming to fight the drug trade."

The *EL TRIBUNO* article reported that the Shining Path members may not have succeeded in talks they held with political, social, and legislative groups in Salta.

Minister Confirms Presence

PY2201225492 Buenos Aires *NOTICIAS ARGENTINAS* in Spanish 2214 GMT 22 Jan 92

[Text] Buenos Aires, 22 Jan (NA)—Interior Minister Jose Luis Manzano admitted tonight that a group of alleged former members of the Shining Path Peruvian guerrilla organization is here in the country, although he stated that according to the information the ministry is handling, the number of terrorists is much lower than the 68 that was reported by the media.

Manzano added that his ministry "is carrying out investigative and intelligence operations in order to provide honest official information on the matter."

Interior Ministry Issues Communique

PY2301013092 Buenos Aires TELAM in Spanish
1114 GMT 23 Jan 92

[Text] Buenos Aires, 22 Jan (TELAM)—The Interior Ministry reported today that only [words indistinct], a member of the Shining Path Peruvian guerrilla organization, has entered the country, and it denied press reports of the arrival in Argentina [words indistinct].

Following is the text of the communique that was released tonight:

"The Interior Ministry reports that an investigation into the alleged entry into the country of Shining Path guerrillas has resulted in the fact that presumably, the number mentioned in the reports has not entered the country."

"It has been verified that only one person has done so, and this person has stated that he represents eight other possible activists, who remained in Bolivia."

The communique adds that "this delegate" is in Argentina seeking economic aid so the entire group may go to a European country."

The official Interior Ministry report also adds that "as soon as the individual entered the country, he met in Salta with the Peruvian consul and with journalists of the newspaper EL TRIBUNO."

The official document states that "later, he traveled to the federal capital, where he met with officials of the International Red Cross and the UN Office of the High Commissioner for Refugees."

"None of the officials that were consulted—basically those of the United Nations—agreed to his requests because he did not have any documentation proving the petitioners are refugees."

The communique states that "he was counseled to return to Bolivia, and the Red Cross gave him money for his return trip."

"Today at noon the alleged guerrilla began his return. There was no contact between him and officials of the Interior Ministry, the Federal Police, or the Foreign Ministry," the government's communique concludes.

Gonzalez Confirms Decision To Close Iron Mine

PY2201230092 Buenos Aires BUENOS AIRES
HERALD in English 22 Jan 92 pp 1, 11

[Text] (DYN-NA)—Defence Minister Antonio Erman Gonzalez officially confirmed yesterday that the government decided to shut down the state-controlled Hipasam iron mine based in Sierra Grande, Rio Negro. Gonzalez stated that the liquidation of Hipasam was "inevitable" and would take place this week.

The minister added that the government "would listen to alternatives to use the pelletization plant in partnership with some private firm or part of the trade union." In

addition Gonzalez said that "we will carefully study the proposal of the Rio Negro government that wants to be left in charge of the Hipasam dock," to turn it into a fishing port. Gonzalez asserted that the analysis of the Hipasam productive structure "leads us to the fatal conclusion that its economic future is not viable."

In addition, the minister assured the press that the Hipasam workers would receive their severance pay on time.

Defence Ministry Planning Secretary Jorge Pereyra de Olazabal informed that the ministry appointed lawyer Carlos Bianchi as liquidator of Hipasam. Pereyra de Olazabal added that Hipasam employees could get their severance pay next Monday [27 January].

The secretary denied the allegations made yesterday by Hipasam union leader Hugo Riesco who charged that the surprise announcement was a government "maneuver" to sell off the firm to the Chilean Compania Minera del Pacifico at a low price.

Pereyra Olazabal underlined that the closing down of Hipasam was approved by a workers' assembly last Saturday and added that the government would attempt to save the profitable parts of the company. "All aspects of the Defence Ministry resolution will be analyzed by the company's liquidating committee," he said.

Riesco meanwhile said that the Defence Ministry's decision came as a "bucket of cold water" to the workers who last September started a series of protests including a march to Plaza de Mayo that forced the government to postpone a planned streamlining scheduled at that time.

Riesco stated that 90 days ago "we handed the government a proposal in which we made it clear that the workers were willing to buy the company along with (the government of) Rio Negro that was going to invest five million dollars, while the workers were going to put our severance pay into the project. Everything depended on that Somisa [Argentine Iron and Steel Joint Association] continued buying our products."

* Cavallo Cites Need To Import Labor

92SM0192B Buenos Aires CLARIN in Spanish
3 Dec 91 p 18

[Article by Adriana Lauro]

[Text] Minister Domingo Cavallo confirmed yesterday that the government is looking into the possibility of importing skilled workers "who are willing to work" from abroad, especially those in the construction industry.

"The moment economic activity is revived, the chronic shortage of workers in certain job categories becomes apparent," emphasized the minister. He expressed his desire to bring back some of the human capital—mainly professionals—who emigrated from this country due to the lack of job opportunities.

The idea that Cavallo has dusted off is nothing new. Former Economy Minister Roberto Alemann revealed a few days ago in New York that "Argentina is considering the possibility of bringing in manpower from Eastern Europe."

When asked by CLARIN, however, Alemann qualified his remarks: "I am not in the government, so I cannot draw up a plan. Moreover, it takes time, and it is not that simple. It would have to be studied for next year, if the current economic trends continue. But I think it would be important to facilitate the admission to the country of Eastern European workers who want to emigrate and are rejected by their neighbors, because they are good people who would come here to save and invest."

Some labor specialists interviewed by CLARIN explained the situation: "Put yourself in the shoes of Albanian, Yugoslavian, or Czechoslovakian workers for a moment, and think about what strategy the government might use to tempt them to emigrate to Argentina." The analysts figure that the idea of earning a maximum of \$500 in wages would cease to be appealing when prospective immigrants realized that to buy the family basket they would need an income of two and a half times that much.

On the other hand, they believe that the Bolivian, Paraguayan, and Chilean laborers who emigrated during the deindustrialization process that the country has undergone during the last decade and a half might return spontaneously if the reactivation continues. Many skilled workers who are not answering want ads in the construction industry (tile workers, concrete layers, carpenters, plumbers, and sheetrock installers, for example) are adding up the figures and coming to the conclusion that if they are self-employed they can earn three times as much as they would as wage-earners.

Furthermore, the training that one can obtain on the job has been an impossibility for most young people who have entered the job market in the last 15 years.

Nevertheless, some businessmen have found a way of getting around the lack of skilled workers: They promote existing personnel to higher positions and hire less skilled manpower to cover the lowest positions.

Want Ads and Unemployment

In the last 12 months, want ads in the newspapers for jobs in industry and construction have nearly doubled in number. The column inches devoted to ads for professionals and technicians have also grown, according to a demand study carried out by the National Institute of Statistics and Census (INDEC). Ads for executives, managers, and assistants have increased less. And those for sales personnel, brokers, and domestic help have remained almost stagnant.

While some INDEC tables show that there is more and more work every day, others, showing employment statistics, indicate that nearly 2 million people are unemployed or working fewer hours than they would like

(underemployed). The conclusion is obvious: There are too many in some categories, too few in others.

For the time being, various government sources agree that there is no definite plan on the part of the administration to "import manpower." Osvaldo Giordano, an economist with the Mediterranean Foundation, points out that there is an urgent need to reconvert the labor force, because there are unemployed workers available. He explains further: "To do that, all we need are the resources to implement the proposals contained in the Employment Law."

Bolivia

Paz Zamora, Fujimori Discuss Upcoming Meeting

PY2201144292 La Paz Television Boliviana Network in Spanish 0200 GMT 22 Jan 92

[Text] President Jaime Paz Zamora this afternoon held a long telephone conversation with his Peruvian counterpart, Alberto Fujimori. Information Minister Mario Rueda Pena later said that the two presidents outlined the basic topics they will discuss at the historic meeting they are scheduled to hold in the port of Ilo on 24 January.

President Paz this afternoon met for more than two hours with Foreign Minister Carlos Iturralde Ballivian, Transport Minister Willy Vargas, Industry and Commerce Minister Leopoldo Lopez, and Foreign Ministry experts.

Rueda asserted that this meeting sought to put the finishing touches to the Ilo meeting. He noted that the telephone conversation between the two presidents helped to improve and deepen the talks held earlier by the two foreign ministers.

Rueda said that this is further proof of the good progress that has stemmed from the diplomacy by telephone conducted by two presidents, who share a desire to promote the integration of their peoples.

Rueda said that, as is known, Ilo is a significant landmark for Bolivia in its effort to adequately influence the Pacific region. He added that 24 January will mark the beginning of a new, historic stage in Peruvian-Bolivian relations through the establishment of special duty-free zones in the port of Ilo.

Labor Federation, Government Begin Talks

PY2301000492 La Paz Television Boliviana Network in Spanish 1700 GMT 22 Jan 92

[Excerpt] The dialogue between the COB [Bolivian Labor Federation] and the government, began a few minutes ago with church mediation. Labor Minister Oscar Zamora said that the government was optimistic and that the dialogue will begin with a discussion of four main points.

[Begin recording] We have agreed to use the agenda worked out by the church listing the topics for discussion. There are four main topics. The first refers to a reorganization of public companies, production contracts, and shared risk contracts; the second topic is drug trafficking; the third is salaries; and the fourth has to do with taxes. [end recording] [passage omitted]

Brazil

Minister Rezek Discusses Eco-92 Agenda, Goals

PY2001232492 Rio de Janeiro O GLOBO
in Portuguese 18 Jan 92 p 23

[Interview with Foreign Minister Francisco Rezek by Monica Medeiros; place and date not given]

[Text] [Medeiros] What are the government's expectations regarding the UN Conference on Environment and Development [Eco-92]?

[Rezek] There will be no changes regarding general theories or our aspirations. Everything is centered on a very simple issue: It is necessary to achieve a satisfactory economic development pattern for many human beings who live in appalling conditions. But this must be achieved without destroying the environment, because it is the patrimony of these communities.

[Medeiros] What is the central issue of these negotiations?

[Rezek] It certainly will be the cost of sustained development. Poor communities must achieve a dignified life pattern. They need money and technology to do this.

[Medeiros] What is sustained development?

[Rezek] This mysterious formula means to guarantee for these people more dignified earnings than those obtained through predatory practices. This must be achieved without destroying nature and, consequently, without making the communities pay the price because, in the end, it is their patrimony that is being destroyed.

[Medeiros] Does the government trust that it will obtain resources to promote sustained development even though rich countries withdrew their financial support from the Pilot Program for the Amazon?

[Rezek] Undoubtedly. The Group of Seven members cannot refuse to participate in such programs any longer. Some countries have decided to wait or have postponed their decision to participate, but they will not state that the project should not be financed.

[Medeiros] Why?

[Rezek] Because the pilot program is a sample of what we hope to achieve on a greater scale in Eco-92.

[Medeiros] Will the pilot program be used as a means to pressure rich countries to help poor countries?

[Rezek] But of course. The program soon will be submitted to Eco-92. At this time, it is expected that after some soul-searching, those countries that can assume greater cost responsibilities, but that were doubtful at first, will change their minds.

[Medeiros] In practice, what does Brazil hope to achieve from Eco-92?

[Rezek] For us, Agenda 21 is the most important document. It encompasses a large development program for the next century that includes technology transfers and the financing of programs. We will strive to establish our theory of technology transference based on privileges rather than on market rules. It is unacceptable for a country that possesses the technology to diminish the damage to the environment caused by development to seek to make a profit from that technology.

[Medeiros] But in many cases, it is not the government that possesses this technology but private companies.

[Rezek] We do not expect a company to distribute its patent gratuitously. What we expect is for the governments of those countries where these companies are located to finance part of the costs of a subsidized transference. It is a theory that must be included in Agenda 21, and there are many countries supporting Brazil's position.

[Medeiros] Which countries are Brazil's allies?

[Rezek] The great supporter of Brazilian theories is Germany, which holds a prestigious position among rich countries. There is also Norway, Canada—which is cooperating in sustained development programs in Acre, and many more.

[Medeiros] Which countries are opposed to the Brazilian theories?

[Rezek] There is much talk about Japan. But I do not believe it can oppose the more valid theories. We believe the United States and the United Kingdom will change their views during the conference, where common sense will prevail. Brazil believes that President George Bush's presence at the conference is one of the most evident signs that we will be able to find common points of view.

Team 'Optimistic' After Talks With IMF

PY2201141092 Brasilia Radio Nacional da Amazonia
Network in Portuguese 0900 GMT 22 Jan 92

[Text] The government economic team that met with the IMF has returned to Brazil feeling very optimistic.

The members of the team said that the Brazilian Government's economic adjustment program was welcomed.

In the opinion of the government technicians who returned from Washington early this week, the tax reform draft currently in Congress, the rescheduling of the state debts, and the payment of the 147 percent

adjustment to pensioners will not hinder the approval of the letter of intent submitted by the Brazilian Government to the IMF.

Arminio Fraga Neto, Central Bank foreign area director, explained that the IMF decision to postpone voting on the Brazil project, scheduled for today and transferred to 29 January, was only because IMF technicians have still not concluded the report they must submit to the IMF management.

Fraga Neto explained that the important point for the IMF is that the government budget be executed as scheduled. He said:

[Begin recording] We have clearly stated that we are going to continue strictly executing the budget and that although we have important political decision to implement, they will all be taken in compliance with the budget, without overlooking it, adopting anti-inflationary measures as in the past. [end recording]

Fraga Neto believes that further expenditures will be covered through a reallocation of funds or increased government revenues.

Contradictory Reports on Funds To Pay Pensioners

PY2301125492 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 23 Jan 92

[Text] The National Accounting Office [TCU] has confirmed that the National Institute of Social Security [INSS] has enough money to pay a 147 percent increase to pensioners. According to the TCU, the INSS will have a 4.217 trillion-cruzeiro surplus at the end of the fiscal year despite this additional expenditure.

This information is contained in the preliminary report drawn up after a special inspection of INSS accounts by the TCU and Dataprev [Social Security Data Processing Enterprise].

This information was submitted by TCU President Carlos Atila to Deputy Ibsen Pinheiro, Chamber of Deputies president.

Labor and Social Security Minister Reinhold Stephanes has denied the INSS has enough money to pay a 147 percent increase to pensioners.

In Stephanes' opinion, the TCU report that shows there is enough money is a mystery. He says the TCU was playing a numbers game.

Presence of Radioactive Garbage Dump Criticized

PY2301130492 Rio de Janeiro Rede Globo Television in Portuguese 2200 GMT 22 Jan 92

[Text] An announcement on a radioactive garbage dump is creating concern among residents of Sao Joao da Barra, in the northern coastal area of Rio de Janeiro State. The material belongs to the state-owned enterprise

Nuclemon [Nuclebras Monazite and Associated Elements Ltd.], and was transferred from Sao Paulo to be reused by the enterprise.

The 227 tons of material are in the Boena Beach, Sao Joao da Barra District, where a nuclear plant owned by Nuclemon is located. This nuclear plant uses monazite sand from the beach, which is normally radioactive, and separates the chemical components, which are sent to a Nuclemon factory in Sao Paulo, which produces raw material for glass, ceramics, metal-working, and electronics industries.

The material sent to Rio de Janeiro is a byproduct of the Sao Paulo plant. Environmental experts went to Sao Joao da Barra and verified that the material is being buried.

Adir Ben Kauss, FEEMA [State Foundation for Environmental Engineering] president, stated:

[Begin recording] We have requested the National Commission for Nuclear Energy to test the garbage. If proven that the garbage is radioactive, the organization will not only fine the enterprise but it will forbid the activity for the most part. [end recording]

According to Brazilian Nuclear Industries [INB], the former Nuclebras [Brazilian Nuclear Corporation], the material is not radioactive garbage and will not be dumped at Boena Beach. It will be mixed with monazite sand and reprocessed at the Boena nuclear plant so that it can be used by Nuclemon in Sao Paulo.

The INB said that the material's radioactive level is under the level allowed for industrial purpose and is not dangerous to health.

*** Charges of Irregularities in Cabinet Surveyed**

92SM0213A Sao Paulo VEJA in Portuguese 18 Dec 91 pp 18-21

[Text] The Cabinet is rotten to the core. President Fernando Collor meets with all his ministers every 60 days. At the most recent meeting, during an interval between his visits to Africa and the United States in September, Collor said he wanted a "government of machos," scolded the ministers for not defending the administration, and warned that anyone who doesn't fall into line will find himself unemployed. Last week, Collor spent four days in Europe and, before leaving, scheduled the next meeting with his ministers for 20 December. Three months later, like a boxer staggering in the ring, said government of machos has let down its guard and no longer bothers to defend itself from the blows it is receiving.

On Tuesday, at a dinner with a group of journalists in Brasilia, Bahia Governor Antonio Carlos Magalhaes [ACM] whom Collor says has a PhD in politics, inquired: "Does anyone think this cabinet will last?" The governor recommended a thorough housecleaning at the top level of the government and said that corruption is now practiced on "a macro" scale. The only ministers spared in his criticisms were Marcilio Marques Moreira, of

Economy; Antonio Cabrera, of Agriculture; and Jose Goldemberg, of Education. "All the ministers are ordinary, although some are extraordinary." Getting into specifics, ACM said Margarida Procopio, of Social Action, "cannot utter a complete sentence," and is a "psychopath." He recalled the scandals that inhabit Aleni Guerra's Ministry of Health and observed that "administrative disorder is the hallmark of this administration. Nothing happens to anyone." The governor also pointed a finger in the direction of two close advisors to the president.

An Extremely Delicate Assignment

ACM demanded explanations from Ambassador Marcos Coimbra, Collor's secretary and brother-in-law, concerning the charge that Coimbra attempted to do a favor for businessman Wagner Canhedo, owner of Vasp Airlines, through a deal prejudicial to Petrobras [Brazilian Petroleum Corporation]. And he spoke sarcastically of the relationship between presidential spokesman Claudio Humberto and Deputy Cleto Falcao, the PRN [National Reconstruction Party] leader whose standard of living is four times higher than his salary would permit. "Cleto Falcao's mansion belongs to him. The car he crashed belongs to Cleto. And yet he has nothing to do with Cleto...it's extraordinary!" The criticisms leveled by the governor of Bahia created a curious situation. While in Vienna accompanying the president, the spokesman refused to be drawn into the fight. "It's a political issue. The person qualified to handle that is Minister Jarbas Passarinho," said Claudio Humberto. In Brasilia, Minister Margarida Procopio, the only member of the government of machos who wears skirts, was also the only one to comment, albeit in an apologetic tone. "I don't know what Governor Antonio Carlos Magalhaes has against Minister Margarida," she said, three days later. "I always treated him like a human being."

[Box, p 18]

Marcos Coimbra. Luis Octavio da Motta Veiga accused Coimbra, along with PC Farias, of pressuring Petrobras to benefit Wagner Canhedo, of Vasp. Coimbra explains that he entered into the deal on Collor's orders. So unperturbed is he that he dozes at the 9 o'clock meetings.

Rogério Magri. He heads the gang at Social Security and is trying to collect two salaries—one as minister and another as employee of Eletropaulo [expansion not given]. He hired Aloysio Azevedo as if he were a company, and tripled the latter's salary. His wife has used the official car to take her dog to the vet. In Geneva, he put aside an ILO [International Labor Office] meeting in favor of an excursion with a couple of giggly young women.

Margarida Procopio. Her portfolio, Social Action, handles some big money. The governor of Ceara charged that the firm of Sansuy was brokering the ministry's appropriations. The Social Service Council, established to serve the needy, allocated 34 million cruzeiros to scholarships at ballet and weight-lifting academies in

1990. In Alagoas, the Brazilian Center for Childhood and Adolescence was accused of improperly investing 2.9 billion cruzeiros.

The strange thing about this episode is that the only public figure who took up sentry duty in defense of the administration was Rio de Janeiro Governor Leonel Brizola. The governor said ACM has a "PhD in corruption," and took off again on one of his usual flights of fancy in which he envisions nascent defamatory campaigns. He accused ACM and businessman Roberto Marinho, owner of Globo Organizations, of implementing a "strategic plan" to bring President Collor "to his knees." Lastly, he compared the reports on financial flimflam in the Ministry of Health to the campaign that led Getulio Vargas to commit suicide in August 1954. ACM refuted the accusation in the same tone. "Brizola holds the rank of full professor of underdevelopment, regression, and corruption. On that subject, he has even stolen from Fidel." That's the way things go in Brazilian politics: to defend PFL [Liberal Front Party] stalwart Aleni from the attacks of PFL stalwart ACM, Getulio admirer Brizola compares the PRN's Collor to Getulio.

In this decaying Cabinet, where Rogério Magri of Labor is a zombie and Carlos Chiarelli has dropped out of sight at Mercosur [Southern Cone Common Market], the stench emitted most recently comes from the Ministry of Health, where Aleni Guerra pushes the pedals. Aleni is the minister of delicate assignments. It was he who brought Collor and Brizola closer together—so close that sometimes it is hard to know whether Aleni is Collor's minister or Brizola's state secretary. He is also master of the CIAC's [Integrated Center for Assistance to Children], this government's most costly project. Another of Aleni's extremely delicate missions was to harbor, in the post of executive secretary of his ministry, Dr. Luiz Romero Farias—a physician and brother of the legendary PC Farias. Dr. Farias left the post less than three months ago to begin watching over international appropriations in Washington. Aleni's ministry has the fourth largest budget in the Republic—outranked only by the federal government itself, Sao Paulo State, and the Social Security system. Since the federal government is in the red, the government of Sao Paulo has billions of dollars in outstanding debts, and the Social Security system is an ever-widening crater, one can only conclude that Aleni holds the key to the biggest cash vault in Brazil. But the fact is that not even if you add up all that was said about the ministers of the 1964 regime with what was demonstrated about some of Jose Sarney's aides will you come up with such a quantity of accusations of embezzlement of public funds, cushy deals, corruption, and frauds in a single Cabinet in such a short space of time.

[Box, p 19]

Carlos Chiarelli. When he swapped the Ministry of Education for Mercosur, Chiarelli left behind a pack of irregularities in the Foundation for Assistance to Students (FAE). Last April, the FAE overpaid for a shipment of milk products, causing a loss of 36 billion

cruzeiros for the public treasury. Last week, the federal Public Finance Court annulled another overpriced award—54 billion cruzeiros for purchase of processed foods. In this case, however, the FAE had already paid out 40 billion cruzeiros to the supplier firms “as an advance payment.”

Brotherhood of Tormented Souls

Like the genie who comes out of the lamp and refuses to go back in, it seems the denunciations of irregularities in the Ministry of Health will never end. On Tuesday, when he arrived in Congress to face a battery of questions on misuse of public funds in his ministry, Alceni was carrying the burden of 12 instances of overcharges—on purchases of bicycles, backpacks, umbrellas, syringes, terra-cotta pots, sheets, and even ironing boards. When he departed after five and a half hours of questioning, his baggage was even heavier. Deputy Luis Roberto Ponte, himself a construction contractor, charged that there were irregularities in bidding competitions held for construction of 28 hospitals in eight states. By week's end, other irregularities were added to the list and Alceni had broken his own record by having 47 charges against his ministry.

The health minister's situation would be considered disastrous in any government in the world except in Brasilia. The atmosphere in the Cabinet is that of a brotherhood of tormented souls, in which ministers who have already resigned themselves to their ridiculous positions try to transmit their personal guides to survival to the zombies of the present. One of those who contacted Alceni to give him some advice was Antonio Rogerio Magri. “Don't pay any attention to them, Alceni,” he said. “These campaigns are launched against us, but then they go away.” Inspired by his Sunday jogs, President Collor also gave the health minister an idea. He suggested Alceni take a bike ride with his oldest son, 12-year-old Guilherme, through Parque da Cidade, one of the gathering points for amateur athletes of the federal capital and invite the press to witness it.

The suggestion was masterful from the public relations standpoint, because it combined a bicycle—the vehicle that was the center of the first charge of diversion of funds in the ministry—with the image of a good father and family man. But everything went wrong. Before leaving the house, since not even Guilherme believed his father's explanations for the overbilling in the purchase of the bicycles, Alceni had to spend more than half an hour to convince a boy of 12 that he had acted with total honesty. Then, once they got to Parque da Cidade, the journalists begin asking adult questions about the charges involving the Ministry of Health, making the situation so awkward that both Alceni and Guilherme pedaled away in tears. That the President of the Republic suggested the ploy and Alceni, a pediatrician, agreed to manipulate a boy's emotions and use him as a shield in a political shootout is an indication of how far things have gone in this administration.

During the week, Collor made other statements to lend prestige to his minister. After Alceni testified in Congress, the president phoned from Italy to praise his performance and scheduled a meeting for Saturday morning at the Ministry of Health. “We're going to straighten out everything about the CIAC's. It will be a normal business meeting,” he said. By Thursday, the picture had changed. The federal Public Finance Court ruled that the Ministry of Health had acted improperly in the way it transferred funds from the Unified Health System to build the CIAC's. Acting on the basis of an internal report from the Ministry of Health itself, the Court took the position that the CIAC's project cannot get any funds at all, since it does not appear in the government's Multiyear Plan. “I do not know how else to explain myself,” Alceni said when he conceded defeat on Friday. “We sent a copy of the measure that included the CIAC's in the Multiyear Plan in October, but the court did not take it into account.” In light of this new complicating factor, Collor told Alceni that the site and subject matter of Saturday's meeting would be changed. It would be held at Planalto Palace and the minister was ordered to prepare a report explaining the latest irregularity.

Until then, Collor had been giving the health minister his full support—so much so that on Friday 5 December the president had delivered to his leaders in the Congress an envelope containing a 14-point report responding to all the accusations that had been made against the Ministry of Health up to that point. “Defend the minister,” Collor asked. As it happened, Alceni did not receive the support of Humberto Souto, Ricardo Fiuza, or Marco Maciel, none of whom even went to hear his testimony in Congress. Although preoccupied with defending his minister, President Collor has already taken steps that go beyond the rhetorical. He ordered that what he himself calls the “republic of Parana”—that group of 14 advisors from Parana who work for Alceni—be fired as soon as the audit of the Ministry of Health is finished. “The problem with this administration is that each ministry is like a separate unit of the federation,” says Deputy Jose Genoino, of the PT [Worker's Party]. “Alceni governs on behalf of Parana, Margarida Procopio for Alagoas, Joao Santana for Sao Paulo, and so on.”

Why Stop There?

When Collor swore in his ministers on that long-ago 15 March, 1990, he said they would stay with him until the end of his term. Later, he was mature enough to get rid of some who didn't work out well. He replaced Bernardo Cabral with Jarbas Passarinho and he sent the crazy lady away and brought in Marcilio Marques Moreira to take care of the Economy. Collor allowed former Senator Carlos Chiarelli to assume the post of minister in Uruguay, i.e. to Mercosur, but handed Education over to a specialist in the field, Professor Jose Goldemberg. One question left hanging is, as Governor Antonio Carlos Magalhaes put it: “Why did he stop there?”

The damage done by a rotten Cabinet is predictable. Collor now has among his aides personalities whom no one takes seriously, since no one knows how much to

trust their word. "The government is suffering from a credibility problem," observes Minister Cabrera, of Agriculture. "What is nightmarish about retaining zombie-ministers is that they still have tremendous power to frighten their colleagues in the administration. Owing to pure carelessness on the part of Antonio Rogerio Magri, the government allowed a tax called the Finsocial, which would have fattened Brasilia's coffers by \$10 billion, go up in smoke. That sum is equivalent to 80 percent of all the money the Ministry of the Economy hopes to collect via the controversial tax reform proposal that paralyzed Congress last week. The other effect of the tormented souls has direct repercussions for Collor. Even the stones in the foundation of Planalto Palace know that when people start chortling about the successive failures of a team of ministers, the real target of the jokes is the president.

[Box, p 19]

Alceni Guerra.

Alceni has become the King Midas of irregularities. The most recent instance came to light when an 18 billion cruzeiro contract was signed, without competitive bidding, with a company belonging to friends of his. Other cases popped up later—overbillings on purchases of bicycles, umbrellas, backpacks, sheets, and helicopter rentals, improper handling of bids on 29 hospitals, etc., etc. The list of older charges is also a long one. One month after taking office, Alceni bought syringes, without requesting bids, for 1.3 billion cruzeiros—three times the price of an identical purchase he would make seven months later on the basis of bidding and after a cumulative inflation of 118 percent during the period. In 1990, the federal Public Finance Court found that the Medicines Center [Ceme] had invested 10 billion cruzeiros on the financial markets instead of purchasing medicines. In March, Ceme bought 735 automobiles without requesting bids. In September, the ministry overpaid for rice and beans by 1.2 billion cruzeiros. Lastly, his own office staff spent 200 million cruzeiros on hotels, taxis, and meals last year.

[Box, p 20]

Collor vs. Collor

PC's Newspaper Drives Wedge Between President and His Brother

President Fernando Collor doesn't get along with his oldest brother, Leopoldo. He hardly speaks to his mother, Leda. He has humiliated First Lady Rosane several times in public. The latest news in the Alagoan melodrama of Collor vs. Collor involves the baby of the family, Pedro, 39, who is responsible for the Arnon de Mello Organization companies in Alagoas, and businessman Paulo Cesar Farias, or "PC," treasurer of the presidential campaign. By resuscitating A TRIBUNA DE ALAGOAS, a newspaper that once belonged to the family of Senator Teotônio Vilela, PC has gone into competition with part of the Arnon de Mello Organization's business in that state. PC's newspaper will begin publication

in January and will join battle in that market with GAZETA DE ALAGOAS, headed by Pedro Collor. The president, who holds a 5 percent interest in GAZETA, was one of those who encouraged PC to compete with his family's paper. "PC established the newspaper with the blessing of the president," charges Pedro, worried about the graphics quality of the new publication. To publish A TRIBUNA, PC bought equipment identical to that used by GAZETA: a Horizon Dev 1400 rotary press, a Prisma photocompositor, and an Autocom scanner. "The company's capital is only 2 million cruzeiros, but the Farias family has spent \$5 million to set up a newspaper," says Pedro, wonderingly. PC argues: "Our account books are open to anyone who has a legitimate interest in them. We did not spend that much."

Against PC, Pedro keeps up a relentless verbal barrage. Against his brother the president, he fights a battle of the deaf. The two haven't spoken since August of this year. "Things look black between the brothers," maintains a friend of the Collor de Mello family who witnessed the latest argument between Pedro and Fernando. "They shouted at each other and almost came to blows." The origin of the disagreements is the editorial slant that Pedro Collor, with the backing of his mother Leda, decided to give the newspaper. The president is criticized frequently. Another focus of conflict is First Lady Rosane Malta. Several of the president's relatives wish that Collor had taken advantage of his latest marital crisis to separate from Rosane and were disappointed after the presidential couple began appearing together in public and giving the impression that everything has now been resolved.

Collor will not run any risk of reading criticism of his administration in PC's newspaper. One of the businessman's brothers, Deputy Augusto Farias, who is also a partner in TRIBUNA, pledged loyalty to the president at a meeting in Planalto Palace in April of this year. "Mr. President, we will make this a newspaper that will not speak ill of you," PC's brother promised.

Chile

Venezuela's Perez, CIA Accused in Letelier Case

PY1301135092 Madrid EFE in Spanish 1418 GMT
9 Jan 92

[Text] Santiago. 9 Jan (EFE)—General Manuel Contreras, former director of the defunct military regime's secret police, has reiterated here that Venezuelan President Carlos Andres Perez was aware of the preparations for the attack on former Chilean Foreign Minister Orlando Letelier who was murdered in Washington in 1976.

The retired Army general, indicted by U.S. justice as one of the brains behind the crime, said this while being interviewed by a local television station on 8 January.

Contreras said that the Venezuelan president "was aware in June 1976, three months before the operation, that Orlando

Letelier was going to be murdered in the United States," and insisted that Perez testify at the trial in Chile.

Contreras' defense lawyers asked the judge hearing the case to instruct President Carlos Andres Perez and CIA Director [title as heard] Vernon Walters to submit written statements.

During the televised interview, Gen. Contreras, who has been indicted in the case but is free on bail, reiterated that he was innocent and blamed the CIA and the Venezuelan police for the crime.

Contreras, the former head of the National Intelligence Directorate (DINA)—General Augusto Pinochet's secret police—said that Letelier's murder was planned during a meeting organized by the CIA in Santo Domingo in 1976.

Gen. Contreras said that Venezuelan and CIA security agents participated in the meeting to discuss the details of 16 attacks, including the assassination of Orlando Letelier, who was murdered on 21 September 1976 by a commando made up of DINA agents and Cuban exiles living in Miami, as recently determined by U.S. justice.

Letelier was assassinated with his U.S. secretary Ronni Moffitt. The trial in the United States ended with the imprisonment of several Cubans and two Chilean DINA agents, including main suspect Michael Townley who subsequently negotiated a deal with U.S. justice.

Contreras reiterated that Townley worked for the CIA and that he was never a DINA agent. Contreras said that Townley lived in Chile and was recruited by a DINA officer as an informant. He added that the DINA had 50,000 such informants in Chile.

Chilean and international human rights organizations blame DINA as the main culprit for human rights violations during the military regime that resulted in the deaths of nearly 3,000 people, thousands of cases of torture, and hundreds of prisoners.

Contreras—indicted for the first time in the case that has been investigated exclusively by military justice where he was repeatedly acquitted—stressed that it makes no difference if the case is investigated by military or civilian courts.

The only important point is to discover the truth and to arrest those who are really responsible and "who live in Venezuela and the United States," stressed the controversial officer who is said to have the support of the Army and Gen. Pinochet.

Shots Fired in Air in Front of U.S. Consulate

PY2301120692 Santiago Radio Chilena Network in Spanish 1000 GMT 23 Jan 92

[Text] Investigative police sources reported that last night some unidentified men shot in the air from a passing car in front of the U.S. Consulate in Parque

Forestal District, Santiago. The police mobilized immediately after the strangers apparently shot in the air three times from a passing red car, which quickly left the area. There have been no reports of injured people or damages, police sources said.

Interior Minister To Coordinate Security

PY2301024492 Santiago Radio Cooperativa Network in Spanish 2200 GMT 22 Jan 92

[Report by Manola Robles]

[Text] A few minutes ago Interior Minister Enrique Krauss issued an official government statement on the refusal of opposition parties to vote in favor of proposed constitutional reform placing the Carabineros under the jurisdiction of two ministries.

The statement states that the country can attest to the incongruity of those who have acted in this manner. It states that they demand strong action against crime and terrorism and charge that the government is unable to repress these actions, but when the government proposes measures that are necessary to undertake more effective actions in this area, these measures are rejected.

Despite the opposition's attitude, the government will continue to effectively safeguard public order and security.

Because all actions pertaining to public order and security and the struggle against crime and terrorism must be coordinated, the president hereby entrusts the interior minister with the coordination of all tasks pertaining to the maintenance and safeguarding of peace and order in keeping with the powers vested in him by Article 33 of the Constitution.

The proper decree was issued today to this effect.

Parties Agree on Share of Election Candidates

PY1801025292 Santiago Television Nacional de Chile Network in Spanish 2330 GMT 17 Jan 92

[Text] The DC [Christian Democracy] Party and the PPD [Party for Democracy] today reached an agreement on quotas for candidates for councilmen in their lists for the next municipal elections. They also decided to leave a space for the small parties.

The agreement was reached during a meeting between negotiating committees from both parties. The DC committee was headed by Genaro Arriagada and the PPD committee was headed by Deputy Victor Manuel Rebolledo. They decided that in municipalities where only six councilmen can be elected, small CPPD [Coalition of Parties for Democracy] parties will have a single candidate, the other five positions will be shared according to the votes won by the DC and the Socialist-PPD bloc in 1989. That is, the party with the best results in 1989 can have three candidates, while the other bloc can have two candidates.

[Begin Arriagada recording] The CPPD party members are demonstrating their seriousness and their generosity. We are very optimistic about the talks we have held thus far. [end recording]

Colombia

Presidential Peace Adviser on Talks With CNGSB

PA2101182492 Santa Fe de Bogota Emisoras
Caracol Network in Spanish 1200 GMT 21 Jan 92

[Text] Santa Fe de Bogota—Horacio Serpa Uribe, the newly appointed presidential adviser for peace, has said the talks with the Simon Bolivar National Guerrilla Coordinating Board [CNGSB] will not go on indefinitely, because there has to come a time when results have to be produced. This is what the government and the Colombian people want, he added.

Serpa Uribe assumed office with Gilberto Echeverry Mejia, the newly appointed presidential adviser for social affairs, in the presence of the president of the Republic. Serpa Uribe then outlined his task regarding discussions with the insurgent group. He confirmed that the government will announce its new strategy, especially regarding the cease-fire, which is one of the most difficult points of the discussions, before 1 February, when the talks with the CNGSB are scheduled to resume.

Alleged ELN Rebels Kidnap U.S. Engineer

PA2201155192 Madrid EFE in Spanish 1502 GMT
22 Jan 92

[Text] Santa Fe de Bogota, 22 Jan (EFE)—Edward Faugout, a U.S. engineer, was kidnapped by a guerrilla group in a mining region of Antioquia Department in northwestern Colombia, local authorities reported on 22 January.

The engineer was kidnapped near El Hagre in the rural region of Cuturu where he was repairing a dredge used to extract gold and other metals from the Nechi River.

Faugout, 46, is employed by the "Coldragados" company owned by his father. The company does work for the "Mineros de Antioquia" company, the authorities reported.

The kidnappers, apparently members of a Marxist Army of National Liberation (ELN) front, forced him to board a stolen boat and escaped with him on the Nechi River. Jose Torres, the boat pilot, said that the alleged rebels went toward a mountainous region from Puerto Clavel.

The police and Faugouts' relatives said that several hours after the kidnapping nobody has requested his release.

Two foreigners were kidnapped in Antioquia over the past eight days. Last week another group of unidentified persons kidnapped Lebanese Jose Vicente Yabur, 82, whose whereabouts are unknown.

DAS Director Reports Creation of Crime Units

PA2001163092 Santa Fe de Bogota Inravision
Television Cadena 1 in Spanish 0130 GMT 19 Jan 92

[Report by Matilde Alvarado]

[Text] Gilberto Marquez Henao, one of the main suspects in the massacre of 20 Indians in Caloto, appeared before authorities in Santa Fe de Bogota on 18 January.

DAS [Administrative Department of Security] Director Fernando Brito has said that the judge investigating the case issued an arrest warrant against Marquez Henao. Brito made these statements at a meeting held today in Villavicencio.

The DAS director announced on 18 January the creation of four specialized units to investigate massacres, important homicides, and actions carried out by paramilitary groups. The official explained that these units will begin to work in coordination with the Judicial Police.

[Begin Brito recording, broadcast in progress] ...creation of four specialized units to work throughout the country. They will focus on massacres, homicides, and important murder cases. [end recording]

The DAS director also confirmed the increase in groups of hired assassins and organized crime in Meta Department and the eastern plains region.

[Begin Brito recording] It is no secret that the actions of these groups are carried out in areas with a heavy guerrilla presence, and this has prevented the judicial police organizations from conducting the investigations. [end recording]

On 18 January in Villavicencio, the DAS director presided over a group of DAS officials from eastern Colombia and announced the creation of new DAS offices in Vichada and some other departments.

* Bank Releases 1992 Export Promotion Plans

92SM0206A Bogota EL TIEMPO in Spanish
16 Dec 91 pp 1B, 5B

[Text] At midnight on 31 December, the Export Promotion Fund (Proexpo) will cease to exist under that name. As of the beginning of the new year, it will be known as the Foreign Trade Bank (Bancomex).

For a number of months, a team of experts has been working on the plan for the new bank. The team is headed by the present director of the Fund, Carlos Cabellero Argaez.

This institution will begin 1992 with a budgeted income of 593.315 billion pesos, and its task will be to become a flexible and efficient body responsible for providing the export sector with the resources needed to develop its activities.

To this end, a credit plan for the entire year amounting to 566.4 billion pesos has been drafted for the traditional lines handled by Proexpo. This amount represents 94.9 percent of the bank's planned income.

In order to support these expenditures, the budget plan calls for heavier reliance on income from interest, in addition to the recovery of assets and foreign credit.

This institution will operate on the same basis as other financial institutions, for which reason it is seeking to bring its interest rates closer to the commercial level—a process which has been under way since November of 1990.

In recent years, the contribution made by interest to the institution's income has been increasing. Interest accounted for 12.6 percent of the income in 1989, 16 percent in 1990, and 17.8 percent in 1991, and it is estimated that it will provide 19.2 percent in 1992.

The other great source of income is the recovery of assets. In the coming year, it will provide 68.2 percent of the resources.

The structure of the bank's resources will differ from that of the present Proexpo. This is because, among other reasons, this institution will not have the income obtained from the surtax on imports, which accounted for 13.9 percent of the Fund's income this year.

The bank will compensate for this situation by means of contributions from the Andean Development Corporation (CAF), with which it has arranged for credit in the amount of \$30 million, which has not yet been paid out. It also hopes to contract with other financing bodies for other foreign credit resources in an equal amount.

The expected increases in nontraditional exports and the demand for credit are forcing the bank to turn to international financing to meet the needs of the export sector, using its own resources as a leverage factor.

These figures are set forth in the Foreign Trade Bank budget plan for 1992, to which EL TIEMPO obtained exclusive access.

That document acknowledges the need to increase the financing for the preshipment lines, given the existing demand for short-term credit, while at the same time continuing to allocate a substantial volume of resources for the development and expansion of the infrastructure required to increase the supply for export, to strengthen the enterprises financially, and to support the international marketing firms through postshipment credit.

Next year, the bank will lend exporters 566.4 billion pesos, 30.8 percent more than the amount put into this sector by Proexpo this year.

Despite the increase in the credit volume, the dynamic development of nontraditional exports, which will see growth of between 3 and 5 percent next year, will prevent the bank from meeting all of the sector's financing needs.

It is estimated that the exporters will need 640 billion pesos, so that an effort to obtain 73.6 billion pesos on the market will be required.

The bank's resources will be distributed among the preshipment lines (84.7 percent), the postshipment lines (2.9 percent), fixed investments (11.1 percent), and capitalization, to which only 1.2 percent of the funds will be allocated.

The Credit Figures

The most important credit line will continue to be for preshipment operations, with an allocation of 480 billion pesos. This represents an increase of 28.3 percent over the 1991 figure for this category.

The period for the repayment of credit will be six months, except for a few exceptions, in order to avoid problems pertaining to the recovery of assets from developing with the changes which it is planned to introduce in this line as of June.

The economic sector which will benefit most from this credit is industry, since its allocation will represent 62 percent of the bank's resources (299.238 billion pesos), as compared to 47 percent from Proexpo in the course of this year.

Of this total, 4.766 billion pesos will go to the shoe industry, 63.07 billion to the chemical sector, and 43.312 billion to the metal mechanical sector.

The reason for this distribution is that the government estimates that there will be an increase of 42 percent in exports of footwear and shoe parts in 1992, and an increase of 17.2 percent in chemical exports.

A total of 120 billion pesos, or 25 percent of the resources, will be allocated to the farm sector. The calculations indicate that flowers, bananas, tobacco, and cotton will absorb most of this credit.

The reason is that the crop-raising areas for bananas and tobacco have been expanded, to which must be added the increase in the Spanish demand for tobacco.

For the postshipment line, the bank has budgeted credit allocations in the amount of 16.3 billion pesos. Most of this sum will be channeled into industry (64 percent).

The agroindustrial sector will receive 32.3 percent of the resources, the farm sector 4 percent, and the mining sector 0.1 percent.

Where fixed investments are concerned, the bank will only respond to applications from small and average enterprises which have assets of less than 641 million pesos.

Large companies will be referred to the credit lines handled by the Bank of the Republic.

In all, it is estimated that the new financial institution will pay out 63.1 billion pesos for fixed investments, almost half of which (36.726 billion pesos) will go to the agricultural sector.

Promotion and Fairs

The promotion of exports is another of the priorities which led to the new structure of the body. Although Proexpo undertook this task, along with the allocation of credit, the bank will be responsible for financing, in the future, while the task of promotion will be placed in the hands of a trusteeship especially created for the purpose.

The trusteeship will be provided with 13.183 billion pesos next year, to be used to finance exporters' participation in 92 fairs and commercial missions, compensation mechanisms for transportation, the payment of credit insurance, and other operational expenditures.

The Fund will recognize 50 percent of the value of the insurance premiums collected on exports involving a commercial risk. And for those operations effected by international marketing agencies, the Fund will credit 70 percent.

[Box, page 5B]

Proexpo in 1991

Proexpo will end its last year of operation with a profit, before taxes, of 74.359 billion pesos, of which the institutions' own operations accounted for 52.376 billion.

The balance of the difference is due to the fact that the Fund was required to pay less for Tax Reimbursement Certificates (CERTs) than it received from the surtax on imports.

The assets of the Fund will total 448.747 billion pesos, representing an increase of 25.4 percent over the development of this category in 1990.

The credit granted to the export sector accounted for the greater part of the assets of the institution (85.6 percent of the total).

At the end of the year, liabilities will total 13.952 billion pesos.

Proexpo allocated credit in the amount of 433.115 billion pesos to the export sector. It paid 51.197 billion pesos for CERTs, and it allocated 22.288 billion pesos for the promotion of exports.

Peru

Government Extends State of Emergency in Lima

PA2201171292 Madrid EFE in Spanish 1606 GMT
22 Jan 92

[Text] Lima, 22 Jan (EFE)—The Peruvian Government on 22 January extended the state of emergency in Lima and its port, El Callao, for 60 days. This entails the suspension of individual rights and the maintenance of order by military authorities to confront terrorist groups.

In fact, Lima and El Callao have been in a state of emergency on the basis of successive extensions since 1986, one year after former President Alan Garcia took office. In addition, the Congress expanded the powers of judges and prosecutors to enter garrisons and jails in the emergency zones on 21 January. The Congress also created a registry of prisoners to prevent possible torture and disappearances.

Currently, the equivalent of 30 percent of Peru, or 381,000 square km, are under a state of emergency. More than 11 million people, or nearly half of the Peruvian population, live in this area.

A girl, who was wounded in an attack by the Maoist Shining Path in the Los Olivos neighborhood of Lima on the night of 21 January, died at a hospital on 22 January. Three policemen in a patrol car died in the attack. According to witnesses, four female and five male Shining Path members disguised as street vendors opened fire on the policemen, killing all three.

According to an official communique from the Armed Forces Internal Front Operational Command, military and police forces remain at the five universities they entered on 21 January in search of terrorists.

Combined Army and National Police forces entered the San Marcos University and San Fernando Medicine Faculty, Callao's Technical University, and the Enrique Guzman and Chosica Valley Education University, located 40 km from Lima, on 22 January.

They also broke into Middle Huancayo University in Peru's central mountain range, 415 km southeast of Lima, and the Faustino Sanchez Carrion University, in the northern port of Huacho.

According to the official report, the terrorists who infiltrated the universities carried out proselytizing activities and prepared their attacks there.

This is not the first time soldiers and policemen have entered the universities, especially San Marcos University. The government says San Marcos University has been a center of unrest since 1980, when the Shining Path began its struggle. The universities' presidents protested that the raids violate their autonomy, but the current pacification law issued by Alberto Fujimori's government authorizes these forces to enter in the presence of prosecutors to ensure human rights are respected.

According to the Pacification Commission chaired by Senator Enrique Bernaldes, the subversive struggle has claimed over 25,000 lives and caused losses totalling 20 billion [currency not specified] as a result of attacks and sabotage operations since 1980.

The following have been killed in the antiterrorist struggle: 1,789 members of the public order forces; 9,257 civilians, mainly peasants and authorities such as mayors or judges; and 11,143 Shining Path and Tupac Amaru Revolutionary Movement terrorists.

Armed Forces Seize Arsenal in Junin Department

PA2301125892 Lima Global de Television Network
in Spanish 0100 GMT 23 Jan 92

[Text] Peruvian Army troops have dealt a harsh blow to the rebel movement in Junin Department. The Army troops seized weapons, ammunition, and abundant propagandist material following an armed clash with a Tupac Amaru Revolutionary Movement column in the 2 May annex, Rio Negro District, Sadipo Province. Six rebels and one soldier were killed during the clash.

Roundup of Terrorist Activities 12-13 Jan

PY2301011492

[Editorial Report] Following are reports on terrorist activities in Peru compiled from Peruvian papers published between 12 and 13 January. Publication information is given in parentheses after each item.

On the night of 11 January, Shining Path terrorists invaded Santa Ines District, Castrovirreyna Province, 68 km from Huancavelica, and murdered local mayor Fidencio Durand Huincho and university student Jorge Cardenas. That same day, the terrorists also killed five members of the Peasant Defense Patrol in Mito District, Concepcion Province. (Lima LA REPUBLICA in Spanish 12 Jan 92 p 19)

Shining Path terrorists unexpectedly attacked three National Police personnel, killing two of them; the other police officer managed to injure two of the terrorists. During the incident, which occurred on 12 January in Villa El Salvador, in Lima, a police brigade sent to help the officers arrested four terrorists. (Lima LA REPUBLICA in Spanish 13 Jan 92 p 12)

Alleged Shining Path terrorists shot to death Ernesto Lopez de la Cruz, president of the urban patrols and leader of the San Francisco de Atocongo shantytown, in Lima. (Lima LA REPUBLICA in Spanish 13 Jan 92 p 13)

Venezuela**Perez Denies Errors Made in 1992 Budget**

PA2201180392 Caracas Venezolana de Television
Network in Spanish 0000 GMT 22 Jan 92

[Text] On 21 January, President Carlos Andres Perez denied there were miscalculations in the 1992 budget. He added that due to a drop in oil prices because of various reasons, including the U.S. recession, there was a decrease in consumption and thus a sudden drop in prices.

Measures are being taken so social programs can be implemented and the fiscal deficit can be overcome.

[Begin recording] [Perez] There is a deficit of 70 billion [no currency specified] in the oil figure, however, the interest for the payment of the debt has also gone down. It has gone down by approximately 20 billion bolivars, consequently, this compensates somewhat for the deficit.

In addition, a few weeks ago, the government decided to adjust the budget to reduce expenses by approximately 8 billion bolivars. Resources were also obtained from privatization, which were not accounted for in the budget. Of the 90 billion obtained from privatization, the government will use 51 billion bolivars for investments.

Of course, this year's budget will be adjusted, but there are no problems regarding the reorganization of the budget.

[Reporter] How much will be the total of...

[Perez, interrupting] I also want to tell you that, if you recall, I have always warned that Venezuela should not continue to rely on petroleum. You might recall that during the Iraqi-Kuwait war, I was opposed to optimistic estimates. I called for a cautious handling of the resources obtained from the oil price increase.

Now, the situation is just the opposite. There will be a drop in oil prices, a drop that will not last too long but will affect the 1992 budget. We will correct that and, soon, we will present to congress the reorganization of the budget.

We also have to consider that the change in the salary scales for public employees, which was adjusted by 20 percent, means that an additional 22 billion bolivars will have to be included in the budget. In addition, we feel that the collective contracts that the public administration will have to sign this year will involve approximately 34 billion bolivars. These obligations must be considered in the budget, however, we have calculated a way to do it. [end recording]

*** Armas Discusses 1992 PDVSA Budget**

92SM0209A Caracas EL DIARIO DE CARACAS
in Spanish 21 Dec 91 p 19

[Report by Dalia Gutierrez: "\$3.158 Billion Borrowing by PDVSA Approved"]

[Text] The chairman of the Stockholders Meeting, Celestino Armas, who is also the minister of energy and mines, has reported that the investment budget of PDVSA [Venezuelan Petroleum, Inc.] in 1992 will be 333 billion bolivars, while its costs and expenditures budget will total 313 billion. Next year's revenues are expected to hit 920 billion bolivars.

As DIARIO DE CARACAS had announced, the national oil industry will have to borrow more than \$3 billion to carry out its investment plans and projects next year because a reduction of the export tariffs on the domestic oil industry was not approved.

The decision to borrow \$3.158 billion was announced yesterday by the minister of energy and mines, Celestino Armas, at the conclusion of the Regular Annual Meeting of Stockholders of PDVSA, which was also attended by Beatrice Rangel, the minister of the Secretariat of the Presidency; Miguel Rodriguez, the minister of Cordiplan

[Office of Planning and Coordination], and Roberto Pocaterria, the finance minister.

During the press conference organized by Celestino Armas it was announced that the total budget of the domestic oil industry for 1992 would be 646.8 billion bolivars, with 333 billion going to investments and 313 billion appropriated for the operating expenses of the entire national petroleum industry.

We should recall that PDVSA had initially estimated its costs and expenditures budget at 260 billion bolivars; thus, it was increased at the meeting.

Armas stated that although he is opposed to overseas borrowing, the amounts approved at the meeting "are moderate and manageable for the oil industry" even though it has a structurally negative cash flow. He reiterated that "PDVSA's external borrowing is not alarming. It is manageable."

Future Agreement To Lower Tariff

As for the export tariff, which has kept various groups in the country, especially PDVSA, on edge, Armas stated clearly that "it will not be lowered next year. The current situation is not buoyant enough for the export tariff to be cut." Nevertheless, he told the PDVSA Board of Directors that "the national government is determined to find a way to eliminate the export tariff, which it regards as anachronistic and obsolete."

In this connection, talks will be held to hammer out political agreements on abolishing the tariff and also to seek other ways of broadening the country's tax base.

In line with this he said that some political figures have already asked that consideration be given to eliminating the tariff as of 1 January 1994.

As for overseas borrowing, he reiterated that the national oil industry is solvent and would pay off its loans from its profits, which are estimated next year at 920 billion bolivars, compared to an estimated 786 billion bolivars in 1991.

Separately, the PDVSA stockholders meeting approved the scheduled programs in Orimulsion, coal, gas, and petrochemicals, among others.

Estimates are that Venezuela's production capacity next year will hit 2,921,000 barrels a day. Output of hydrocarbons will hit 2,316,000 barrels a day, 2,158,000 of which will be crude oil, 37,000 condensates, and 121,000 natural gas liquids.

Crude oil reserves will increase by 2,788,000 barrels, to total 62.724 billion barrels by the end of 1992.

The output of petrochemicals is estimated at 3,660,000 tons, while the net production of fertilizers will be up 65,000 tons from 1991. The expected profits from petrochemicals in 1992 are estimated at 5.5 billion bolivars.

The production at Orimulsion in 1992 will be 1,306,000 tons of bitumen and 1,866,000 tons of Orimulsion, with sales of 2,130,000 tons on the European, North American, and Japanese markets.

Taxes for 1992 are estimated at 576 billion bolivars, 423 billion in the form of the income tax.

As for foreign-exchange earnings, the estimates for 1992 are \$13.795 billion in the petroleum area, \$199 million from petrochemicals, \$79 million from Orimulsion, and \$42 million from coal, making a total of \$14.115 billion.

The national oil industry will post total earnings of more than \$24 billion next year, equivalent to 1.519 trillion bolivars, up 287 billion bolivars from 1991 earnings.

PDVSA estimates that it will earn 919 billion bolivars of these 1992 earnings, which include the profits of overseas affiliates, on the domestic market.

1992 Budget

The national oil industry's budget for next year was drafted on the basis of the same assumptions as next year's national budget, in other words, exports of 1,950,000 barrels of crude oil and products a day, an average export price of \$19 a barrel, an exchange rate of 63 bolivars to the dollar, and an average inflation rate of 19 percent.

Armas noted, however, that the various scenarios brought up by the PDVSA board were reviewed, with the one developed by the national government for the national budget prevailing.

In another vein, regarding the HDH projects, a new technology for deep conversion, Armas said that they would be kept going and that there would be no delays in them. He also stressed that PDVSA would stick to its scheduled programs for 1992 and that nationwide purchases of goods and services would hit 180 billion bolivars in 1992, 100 billion going for services and 80 billion for goods.

[Box, p 19]

Sosa Pleased With Results

Both the president of PDVSA, Andres Sosa Pietri, and the minister of energy and mines, Celestino Armas, took the opportunity offered by the company's Stockholders Meeting to deny once again the reports that the PDVSA petrochemicals affiliate would be privatized.

In this connection Armas said that "the privatization of Pequiven has never been proposed; this has never been on the table, either in the National Executive Branch or the oil industry. Pequiven will remain a state-run enterprise."

He said, however, that at the same time Pequiven would continue to push new projects in which there would

indeed be greater private-sector involvement in promotion, the idea being that Pequiven's shareholding will decline steadily.

For his part, Andres Sosa Pietri clarified his recent remarks to the REUTERS agency, indicating that "I did not really talk about the privatization of Pequiven. What I said was that PDVSA was considering the possibility and was going to propose to the Executive Branch that Pequiven shares be placed on stock markets in Venezuela and the United States, so that private savings could help Pequiven achieve its goals and objectives, which the minister of energy and mines has reaffirmed."

Sosa Pietri proposed giving the private sector a bigger role in the petrochemical sector, and this was approved at yesterday's stockholders meeting.

At the close of Armas's press conference, Sosa said that even though export tariffs were not reduced, he was "very pleased with the results of the stockholders meeting because "it approved our placing of Carbozulia shares on the market, a greater role for the private sector in nonoil activities, and making Orimulsion another joint-capital enterprise."

Briefly, all of the strategic objectives that were submitted last Thursday "to the national government, were approved at yesterday's meeting, and moreover, the minister said here, the national government has pledged to us to seek a political agreement that will enable the export tariff to be cut and abolished at the assembly that it is going to hold on the issue."

Sosa stated that the important thing is that a political commitment already exists to abolish the tariff, regardless of whether it takes two or three years; to him the important thing is that it be abolished. "Because at the moment we do have sufficient financial capacity and strength to make it through a transition period just fine. What we are pushing for is a modernization of the tax system."

* CAP Warns of Economic Problems Ahead

92SM0209B Caracas EL DIARIO DE CARACAS
in Spanish 22 Dec 91 p 23

[Text] The executive branch is pleased with the execution of investment plans around the country in 1991, as 96 percent of them have been carried out, said the minister of Transport and Communications, Roberto Smith, at the close yesterday of the last Governors Convention of the year in Blanco Palace.

The meeting was opened by President Carlos Andres Perez [CAP], who was accompanied by most of his cabinet, coordinated by Interior Minister Alejandro Izaguirre.

Smith also said that 72 percent of the projects are fully under way at present and 60 percent of the financing is completely paid for. Besides this, construction has moved forward at an unprecedented pace, over 30 percent.

In all, 52 percent of the more than 15,000 projects around the country have been completed, and the remaining 48 percent will be completed in the months to come. The total 1991 funding of the infrastructure agencies was 98 billion bolivars, which represents an investment program without precedent in the country's history.

Smith asserted that the projects have gone forward in spite of bureaucratic obstacles and the government's problems in executing them.

More than 10 million bolivars from the gasoline tax will be available in 1992 for farm roads and other programs of road maintenance and urban transit.

During the meeting there was a "state government by state government" assessment of the programs executed. By and large, however, the transport and communications minister asserted, the government is pleased with the projects completed.

CAP's Speech

In opening the meeting, President Carlos Andres Perez said that as a result of the extraordinary funding obtained this year (the Middle East war) the problems of 1992 and 1993 could be resolved. He warned, however, that by 1994, when a new administration takes office, there would be critical situations unless the indirect taxes, such as the value added tax (VAT), are put in place.

He indicated that the situation in 1992 and 1993 would be taken care of because the successes in adjustment policies have given the international financial community full confidence in Venezuela, especially the World Bank and the International Monetary Fund.

Perez said that the administration has reduced its past sources of revenue by amending the ISLR [Income Tax] Law, with other sources failing to take its place. Although there have been problems in debates on the VAT in Congress, it must be put in place next year because otherwise the country will have extremely serious problems after 1993, with a substantial shrinkage of the Venezuelan State on both a national and regional level.

The chief executive cited the macroeconomic figures for 1991 and told the governors that they themselves have been able to appreciate them. The Gross Domestic Product, according to figures from the Venezuelan Central Bank, posted gratifying growth: 10 percent, double the 1990 number and also double the next best in Latin America.

The agricultural sector, which caused the government so much concern and which recorded negative growth in 1989, will post six percent growth in 1991.

Construction, which was depressed before 1989 (the Lusinchi administration), will record a 30 percent rebound this year. Electric-power consumption, which increased by less than 2 percent in previous years, was up 8 percent.

He told the governors again that the goals of the so-called "economic package" have been met and that Venezuela is posting clear-cut growth.

He acknowledged that there are still obstacles in the country hampering the achievement of budgetary goals, but he said that the comptroller general of the republic is cooperating to overcome these obstacles.

CAP also asserted that while cholera has ravaged other Latin American nations, the epidemic has been controlled in Venezuela, as has the dengue epidemic that occurred early last year.

He asked the governors to help correct the shortcomings in national and regional government.

In closing he said that 1992 would be a year of "natural disruption" because of the elections of governors, mayors, and councilmen, adding "to relieve the tension a bit" that some of the governors are seeking reelection, which comforts him because they are not going to be able to say anymore that President Carlos Andres Perez is the only one who wants to be reelected.

[Box, p 23]

Escovar Salom Is a Chauvinist

President Carlos Andres Perez described the position of Ramon Escovar Salom, the attorney general of the republic, as chauvinist because he has stated that he will ask the Supreme Court of Justice to annul the presidential decree establishing that all children born in the country may be registered with the Registry Office even if their parents are undocumented aliens.

Perez made the remarks after he opened the last Convention of State Governors at Blanco Palace.

"I do not think that this issue ought to be the subject of judicial debate, because the administration, in defending the recently ratified rights of children, does not want

something unthinkable to happen in Venezuela, that is to say, that a child born on national soil and who is a Venezuelan by constitutional right will not be entitled to register with the Registry Office. This cannot be, because it impairs the rights of children, and this is what has to be corrected. If our decree does not achieve this, or achieves this in a deficient manner, then we are prepared to correct it. What this requires is a debate of conscience, of ethics, rather than a judicial debate. Anyone born on Venezuelan soil is a Venezuelan. We do not merely proclaim this in the constitution; we have to accomplish it in practice. Anything else is chauvinism, which is very dangerous and damaging to national morals."

Commenting on the performance of state governors, Perez said that he was pleased and so told them at the opening of the convention (or senior government meeting). He indicated that to the disappointment of those who thought that the direct election of governors would become a boxing match between the Executive Branch and the governorships and between the latter and mayors, the system did not cause trauma. "We have seen that the country was indeed ready for such a reform, just as it must be ready for the reform of the electoral system that must be carried out," CAP said, hinting that the uninominal system ought to be approved for elections of councilmen.

He asserted that it is impossible for the central government to impose on the governors in connection with the management of budgets because they are managed independently, and the Legislative Assemblies operate in the same way. He acknowledged that there could be further improvement in coordination between national and regional public agencies. Relations with Congress also ought to improve because plans for cooperation are often thwarted by budget reforms.

In conclusion, he acknowledged that the "minimum wage" would have to be raised but that this would have to be debated because a figure has to be set, and economists ought to decide the figure.